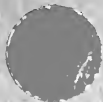


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Being Facts and Figures, Quotations and Queries, Suggestions and Forecasts, designed to help individual inquirers and study circles in considering what will happen after the War with regard to Trade, Employment, Wages, Prices, Trade Unionism, Co-operation, Women's Labour, Foreign Commerce, the Railways, the Coal Supply, Education, Taxation, etc.

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INTRODUCTION.

A century ago the "Servile State" was no comic figment, but a reality. The mass of the people of Great Britain were dependent upon the demands or the whims of the capitalist, to a degree almost incredible in these days, for their means of life and for their manner of living. And as a matter of fact, this dependence meant for the bulk of the population a condition of squalor, wretchedness and degradation from which the ordinary working-man of to-day would shrink as from a living death. Parliamentary representation was the monopoly of a handful of privileged personages; nine-tenths of the population could neither read newspapers nor use a pen; even the elementary human right of combination to resist the enslavement effected by abnormally long hours, low wages and deplorable conditions of employment, was, by law, denied to the workers.

If we take this for our point of comparison, the elevation of the Standard of Comfort and the growth of freedom during the hundred years between the close of the war with France and the opening of the war with Germany have been nothing short of extraordinary. It is true that the text-books can still characterise our industrial régime as "capitalistic" and "individualist"; true, also, that the financier, the company-director and the trust magnate are in some ways more effectually the real kings of British industry than were their fore-runners of the early stages of the Industrial Revolution. But it is no longer true that the mass of the people are at the mercy of capitalism for their bread and butter, their conditions of employment, their health, their leisure, their thinking and their very honour, as it might legitimately be said that they were a century ago. Trade Unionism—criminal during the first quarter of the century, lawfully embracing 4,000,000 members in 1914—had succeeded, before war broke out, in freeing great sections of the workers, as regards hours, wages and conditions of employment, from their former absolute dependence upon the employer's fiat. The Co-operative Movement—growing from 28 members in 1844 to more than three millions in 1915—has enabled nearly a quarter of the whole population to supply itself, free from capitalist profit, with the bulk of the commodities which the workers' households daily need. Supplementing the action of Collective

Bargaining, the State had already before the war put the force of law behind a prodigiously elaborate series of Common Rules, in the form of statutory minima designed to protect in varying ways and degrees the bulk of the citizen-producers from the more extreme pressures of private employment, to such an extent that the fixing of minimum wages, maximum hours, adequate conditions of sanitation and safety, etc., have come more and more to be looked upon as basic safeguards on which it is for the community as a whole to insist. Supplementing, on the other hand, the beneficent activities of the democratic Co-operative Stores and Wholesale Societies, the National and Municipal Government has become, in the aggregate, the most extensive direct provider of things that the community needs, whether housing, education, medical service, sanitation, water, light, sick pay, accident insurance, superannuation allowances, roads and bridges, means of communication, trams, parks, entertainments, libraries, labour exchanges—even, in particular cases, clothing, milk and meals!

So overwhelming and irresistible have these newer "collectivist" tendencies, whether governmental or co-operative, become in recent years that it had come to seem almost inevitable that the mastery of the future would lie with them rather than with those which are individualist and competitive. Hardly any well-informed student of the history of the last century, noting the steady subordination of private to public interests in the means of life, and the concurrent emergence of the mass of the people into relative comfort, culture and freedom, could fail—before the war—to take an optimistic view of the future of Democracy in Great Britain. Reflecting in the early summer of 1914 (let us say) upon probable further developments, such an observer would have looked forward with some confidence to a continuance of that progress in economic emancipation which we are now realising to be the necessary corollary of political democracy; to the gradual securing to every member of the community, as a necessary basis for individual development, of as high a "minimum" in the Standard of Life as the bounty of Nature and the productive energies of the community would permit; to the winning for every individual of a "maximum of freedom" of self-expansion, limited no longer by a heritage of individual poverty, but only the bounds set by social resources: to a steady progress in the acquisition for communal utilisation of all those forms of "economic rent," whether accruing from Land, Capital or "Superior Brains" which have long been public in their nature in the eyes of our economic treatises and

our Bibles, though not in our property law; and to the eventual culmination of these tendencies, however far off might have seemed the goal, in that "equal participation of all in the benefits of combined labour"—involving not a pedantic identity, either qualitative or quantitative, but an essential parity of economic scope—which John Stuart Mill in his day and George Bernard Shaw in our own have declared to be the only practicable economic condition in which an educated Democracy can finally acquiesce.

What the student has now to think about is the probable effect of the Great War upon the stream of tendencies that seemed to be carrying us forward to some such future as the above. The immediate effects of the war are familiar to us. It has certainly weakened Trade Unionism; it has enlarged and perhaps strengthened the Co-operative Movement. It has given the State, in its rôle of armed defender of our civilisation, controls and ownerships such as to make even the Socialists stare. In the following pages, however, we are concerned with those "primary reactions" of the war only in so far as they enable the student to apprehend and estimate the secondary, larger and more lasting, consequences that will not all be easily discoverable even when peace is established—many of them, perhaps, not until after many years of unrest, reconstruction and settling down.

What will be the effect of the war upon individualistic capitalism? What grounds are there for the view that the great captain of industry will gain an augmentation of power over his lesser rivals on the one hand, and over his employees on the other? Is it to be expected that as a consequence of the war "Capitalism" and "Individualism" will be so strengthened as to postpone, perhaps for generations, those further triumphs of "Social Democracy" towards which we seemed to be moving? How will the war affect the Trade Union and the Co-operative Movements, immediately, and in the long run? Above all, what part will the community, organised in its multifarious Central Departments and Local Authorities, be prepared to play in the tremendous social drama upon which this war is but the raising of the curtain? How soon will boldly-conceived Reconstruction follow the mere palliation of evils? Is there to be deliberate, purposeful, unapologetic, disinterested public action to make good the ravages of war, or the opportunist, patchy and often sham "social reform" of which in recent years we have had so many illustrations? Will the power of the State be used,

when Peace comes, in the interests of the few or in those of the many? Are we destined, during the first years of dislocation, to witness a period of plutocratic tyranny, manifested both in the regulations of the factory and in the decrees of the Cabinet? Will this be followed by "Labour Governments" and "Socialist Legislation"? Will Great Britain in 1926 or in 1936 be a finer country to live in than it would have been had not the sharp prick of war aroused us from our slothful acquiescence in the social iniquities that persist around us?

There is a sense in which none of the approaching economic problems will be new. Neither war nor peace destroys what economic science can tell us of the facts of social life; nor, unless unthinkable catastrophe overtakes the nation, can there be any complete break of the continuity of its industrial and social development. The first business of the student who would read the riddles of the future is, therefore, to make himself acquainted with what economics has to teach him. Given this knowledge, his task is to apply to new groupings of facts, demonstrated forces and the known tendencies of things. There is perhaps no study at once so fascinating and so tyrannical in the demands that it makes upon the reason and the imagination as this of patiently working out the provisional solutions of problems of which the very formulation must be, as yet, largely speculative. Even the newspaper public is aware that "things will never be the same again"—foreign trade, manufacture, agriculture, the relations of capital and labour, the rôle of the State and that of the Vocational Organisation, the amount and distribution of wealth, the spirit of the people—"everything will be changed." But such negative conclusions are of no use. Of little greater value are the vague generalities which, at any rate when they touch upon economic problems, our literary prophets are content to offer us. It is essential for the constructive thinker to get at some such body of detailed conclusions concerning the probable, or alternatively possible, wage and price movements, trade and unemployment conditions, etc., etc., as will enable him to work out concrete proposals by which Trade Unions, Co-operative Societies, and the Houses of Parliament can effectively anticipate the countless social and industrial difficulties that will form the aftermath of the war.

It is not the business of the following pages to supply the detailed conclusions that are required, to attempt any dogmatic presentation of the march of events, or to put forward specific solutions of the problems that will confront us.

Our appeal is primarily to students, whether working individually or in groups—to those willing themselves to undertake “the intolerable toil of thought” in order to prepare themselves to act with intelligence in the critical times ahead. Our aim is merely to set before such men and women those “knowns” and “unknowns” in each problem by which their forecasts and remedies must be conditioned; to indicate what facts and figures are available; to suggest alternative interpretations, possible hypotheses, tentative readings of the horoscope; but throughout to sound insisistently one note—the note of interrogation! It is for the student to take his own opinions (not ours, not his neighbour’s, and, above all, not his newspaper’s) from his own knowledge and thought, waiting, if need be, till the future gives him a greater accumulation of data to work upon before he allows his provisional “feeling” to harden into the certainty of conviction.

In approaching these problems some students might prefer to begin their studies with a detailed consideration of the probable state of trade after the war, recognising that not only the dimensions, but also the character of most of the economic problems will be conditioned by this. A group of students having first-hand knowledge of a particular industry might well make an intensive, all-round study of that industry, considering, fragment by fragment, what will be the probable position after the war, as regards prosperity, employment, wages, prices, working conditions, organisation, State control, etc., each student in turn preparing a paper upon one aspect of the problem. Yet another Study-circle or Tutorial Class might decide to construct its own “Peace-book” for its own locality, elaborating a survey of the anticipated condition of the local industries and the local Labour Market, the organisation of public work, the needs as regards housing, schools, roads, etc.; perhaps putting the resulting provisional conclusions and suggested “remedies” before the local public through the local newspapers.

The following pages have been arranged to suit the convenience of the greatest number of students of ordinary knowledge and average capacity. The first section deals with the immediate problems of Demobilisation, including not only the Disbandment of the Army and of the Munition Workers, but also those problems of Unemployment, Wages, Prices, Labour Conditions, Women’s Work, etc., which will become urgent, spontaneously, upon the cessation of hostilities. The second section of the book, styled “Reconstruction,” considers those

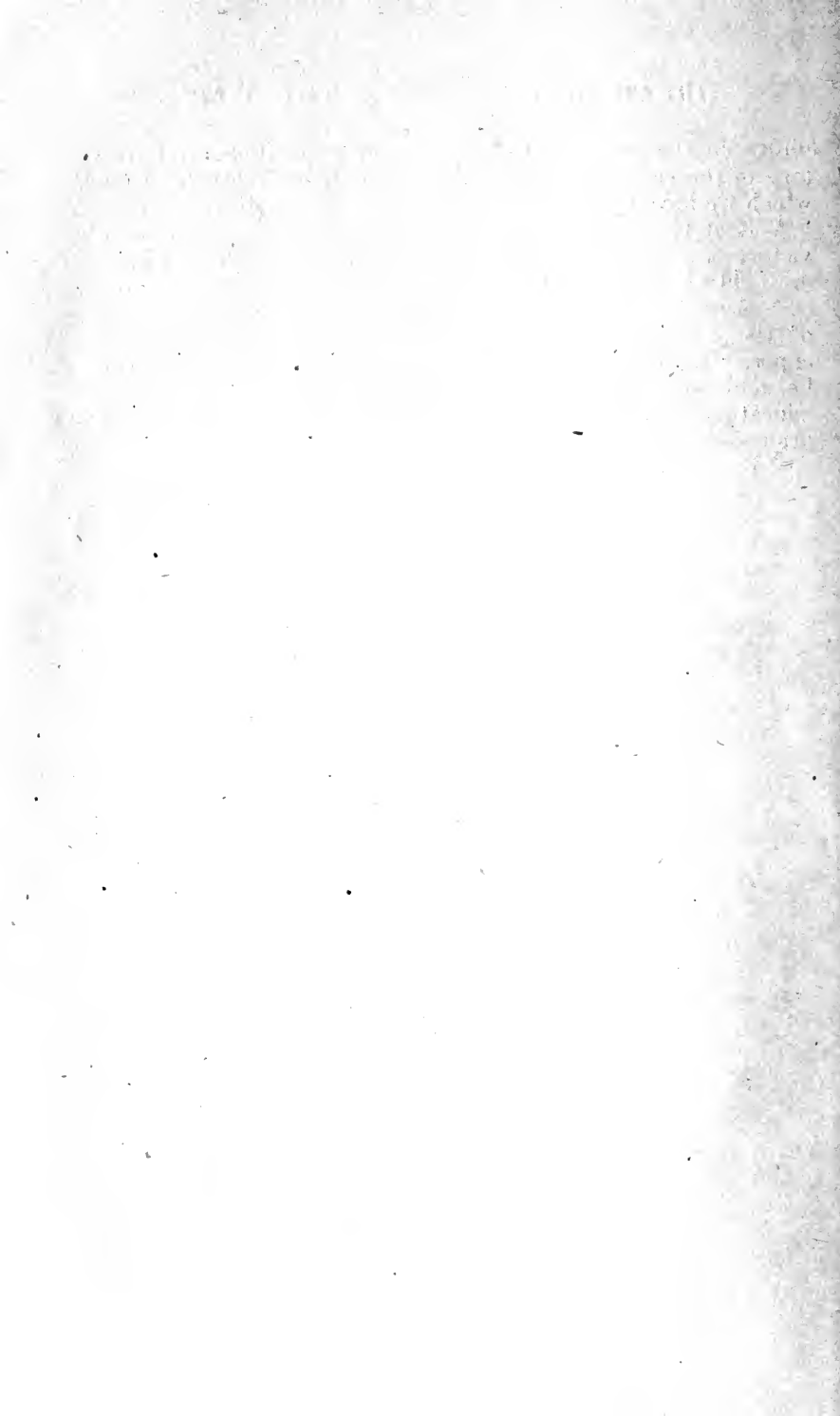
larger measures of commercial, industrial, financial and social reorganisation (as distinct from ephemeral remedies and palliatives) which—as it seems to us—the gigantic proportions of the coming crisis may be held to require. Many subjects (e.g., Agriculture, Population, Health, Housing, Drink, the Distribution of Commodities, the Administration of the Industrial Commonwealth) have had to be omitted from lack of space. We suggest that it would be good practice for any Student Group or Study Circle to prepare its own notes, queries, forecasts and proposals on the subjects that we have omitted, drawing them from inquiry, conversation, newspapers, books, speeches and reflection; in the same way as is done here for the twelve subjects chosen as most urgent.

The subject to which, above all others, we desire to draw attention is that entitled “Can We Effect a Revolution in Our System of Education?” We suggest that failure to find an affirmative answer to that question will mean the frustration of the national hope of effective recovery from the war, or of building up a civilisation worth fighting for. Through education alone can the men and women of this country exercise, in fact, the political sovereignty which is, as yet, theirs only in name. Through education alone can we find a way to the beauty and order, the freedom and fellowship, the culture and joy, in the triumph of which, in the spirit of John Ruskin and William Morris, the leaders of the Workers’ Educational Association rightly foresee the Vindication of Democracy. It is because the people of Great Britain have not yet learned to cultivate their brains that privilege and wealth are still able to close upon the mass of them the gates of civilisation. To this joint cause of all our social failures—the lazy ignorance of the poor and the short-sighted class-selfishness of the rich—we must attribute what can only be described as the shameful mishandling of our educational system during the war. “We Germans,” boasts “Der Tag,” “can proudly point to the fact that our expenditure on the education of our children has been fully maintained during the war at its former level. In Prussia and elsewhere it has even, for certain objects, been increased. But the money-making so-called democratic England finds it necessary to cut down her education bill to the lowest limits. We rejoice at the fact that our enemies are discouraging the education and instruction of the masses. By the mere fact that British children are being deprived of education we have won a great victory over England; for, after the war, more than ever before, will knowledge and education, organisation and adap-

ability on the part of all classes of the population bring victory in the economic struggle." "The Schoolmaster," from which we have borrowed this extract, heads it with the words: "A Real German Victory." That is exactly what it is; a victory of a kind more disquieting than any yet achieved upon the field of battle. In the long run there is only one way of "beating Germany," and that is by securing for the mass of the people of this country a civilisation incontestably superior to that of the people of Central Europe. This can be achieved only if we are prepared to spend money upon education with a lavishness to which we have not yet become accustomed.

S. W.

A. F.



PART I.—DEMOBILISATION.

CHAPTER I.

THE DISBANDMENT OF THE ARMY.

A.—The Situation Before Us.

The Outbreak of Peace seems “likely to create a position such as the working class has never—not even after Waterloo—had to deal with before.” (“Round Table,” December, 1915.)

No industrial dislocation of such magnitude has ever been known.

1. Discharged.

(a) Something like 3,000,000 men must be disbanded from Army and Navy.

(b) Something like 3,000,000 men and women must be “disbanded” from munitions works and trades fed by government war orders.

2. Trade.

(a) Industries now directly contributing to the prosecution of the war will, for the most part, be seriously reduced.

(b) “Substitute trades,” dependent on war conditions, will collapse.

(c) The expected general revival of trade will, in most cases, take time (e.g., we cannot resume our lost foreign trade in a day; we cannot instantly begin everywhere to build houses, make furniture, repair machinery, etc.). For many months, perhaps several years, trade must be, in many industries and places depressed, and over the kingdom as a whole, disorganised.

B.—The Perils to be Faced.

1. The Danger of Widespread Unemployment.

There may easily be, a few weeks after the Outbreak of Peace, in different parts of the United Kingdom, many hundreds of thousands of men and women simultaneously running about seeking employment. If preventive measures are not taken, the distress from unemployment may be gigantic. But it is extremely difficult to anticipate either its dimensions or its "repercussions," because in the problem there are at present so many "unknowns." Careful study would, however, enable students to arrive at a certain number of conclusions, and it is just these that the Government, Town Councils, Universities, Trade Unions, etc., ought to be working out for every kind of worker and for every district. Here are a few guiding considerations:—(a) The unemployed soldier will, for some time, have an advantage, when applying for a job, over all other applicants. (But in the interval, whilst demobilisation is in progress, between the order to "cease fire" and actual disbandment, many of those at home will get the first chance of the new jobs—employers will not wait.)

(b) Male "emergency workers" and "substitutes" run a grave risk of being turned off in large numbers, and of finding it difficult to get a footing in their previous trades, or in any trades.

(c) Women emergency workers and "substitutes" will in many cases be discharged; some will return to home duties, etc., but it seems probable that in many cases the employer and the women will combine to retain the jobs.

(We suggest it as a problem to the Miners' Federation to tell us what will happen in the coal mines after the war. A quarter of a million colliers have enlisted; on the other hand, many thousands of new men have drifted into the mines. What will happen when the regular colliers come back?)

2. The Danger of a General Fall in the Standard of Life.

If unemployment is widespread and prolonged, competition among the workers for jobs may enable employers, in industry after industry, to lower the rates of wages, worsen the conditions of employment, and perhaps even revert to a twelve hours' day.

Note.—(a) Trade Unionism is in a precarious position, largely owing to the sacrifices demanded of it during the war. A few months of grave trade depression and unemployment

may well undermine even the strongest unions. (b) There is grave danger to the skilled artisan in the new competition of women and unskilled men.

The worker's Standard of Life, such as it is, has been built up by a whole century of effort and education. To degrade it would be the most appalling injury the nation could inflict upon itself. It would undo the social progress of generations. It would mean widespread physical and mental suffering. It would involve in great masses of the community a grave deterioration of character. It would mean the postponement for a whole generation of any real prosperity for the community as a whole. It might mean resentment on the part of those who have "saved their country" sufficient to overturn any Government, and produce, in some places, local anarchy.

C.—The Prevention of Unemployment and the Maintenance of the Standard of Life.

1. Communal Responsibility.

The Government must frankly recognise its responsibility, not only for the soldiers who have "saved England," and also for the munition workers who have supported them, but equally too for all the other workers, to whom the coming of peace may otherwise (through no fault of their own) mean unemployment.

It is our duty to insist upon :—

(a) The provision of employment at wages for every man and woman able and willing to work ;

(b) Adequate provision, apart from the Poor Law—unanimously condemned by the late Royal Commission—for those willing to work, but for whom, whether through individual physical or mental defect or through industrial dislocation, the Labour Exchange can temporarily discover no employment.

2. The Government has, in vague words, accepted this responsibility (already assumed by Parliament in the Unemployed Workmen Act of 1905), and is now directing the preparation of a "Peace Book," of the steps to be taken by each Government Department and Local Authority.

If peace comes quickly—it will certainly break upon us suddenly—will the Peace Book be ready? Will it be sufficiently comprehensive and elaborate and imaginative?

The Existing Machinery, on which the Government so far appears to be mainly relying, consists of :—

(a) The Labour Exchange, the function of which is to find jobs, irrespective of the conditions of employment, and to dispense Unemployment Insurance of 7s. a week for a limited period to members of insured trades (even as now being extended to munition workers, one-third of the workers only); and for one year to ex-soldiers of any trade;

(b) The Statutory War Pensions Committee, with its network of Local Committees, for the disabled soldiers and sailors and the widows, which “will be full of philanthropic ladies seeking to get situations for their protégés at any wage”;

(c) The Local Representative Committee under the National Relief (Prince of Wales’s) Fund, including Queen Mary’s Work for Women Fund;

(d) The Distress Committee of the Borough or Urban District Council, under the Unemployed Workmen Act, 1905.

(e) The Poor Law!

(c) Emergency Measures.

So far (August, 1916) the Government has decided on nothing, except the inclusion of munition workers in Unemployment Insurance and certain tentative proposals for the relief of the disbanded soldiers and sailors :—

(a) Furlough for four weeks on usual pay and allowances.

(b) Free railway ticket to any station.

(c) A gratuity—amount not settled.

(d) For a year, Unemployment Insurance for every discharged soldier or sailor—amount and period not yet settled.

(e) A scheme for settling soldiers and sailors “on the land,” which will perhaps absorb only two or three thousand!

(The above have been definitely promised by the Government.)

3. What the Government Ought to Do.

(Each of the obvious proposals here made bristles with practical difficulties. We leave it to the student to think out the

ways in which each can be made practicable, applied to his own trade or locality, paid for, etc., etc.). Should it not—

(a) Complete the "Peace Book"—for that purpose utilising all the best brains in the country. Each town needs its own "Peace Book."

(b) Constitute a Ministry of Labour charged with the responsibility for all the Labour problems which will arise after the war—taking over the Labour Exchanges, etc., from the Board of Trade, Factory and Mines Acts from the Home Office, and the Unemployed Workmen Act from the Local Government Board.

(c) At once extend its Unemployment Insurance scheme to all trades, extending the duration of the benefit.

(d) Make disbandment of soldiers and sailors gradual, allowing men to leave when they insist on it, but compelling them to return to civil life only in so far as they can be absorbed. (Why not allow any man to re-enlist in the Army for an additional year if he likes?)

(e) Give the disbanded munition and other war-workers the same terms of notice, gratuity, free railway ticket, etc., as the disbanded soldiers.

(f) Prepare at once schemes of employment by the public authorities, both central and local, to be started as soon as the Labour Exchanges find themselves unable to "place" the applicants, in order thus actually to prevent unemployment—as distinct from letting unemployment occur and then relieving the unemployed (e.g., the building of workmen's dwellings, schools, etc., the making and improving of roads, the planting of trees, the reclamation of waste lands, etc.).

(g) Take all children under 15 off the labour market (in order to make room for adults), by raising the school-leaving age.

(h) Pension adequately all widows with young children so that they are not (as too often at present) driven to industrial work in order to live.

(j) Provide for any workers for whom the Labour Exchange fails to discover any means of livelihood full maintenance on condition of accepting training or practical work of educational character and value.

(k) Finally, should not the Government use every means in its power to maintain the standard of life? If it cannot or will not control prices, it must control wages. Suggestions for carrying out this policy will be found in subsequent pages.

CHAPTER II.

WHAT WILL HAPPEN TO TRADE?

A.—How the Prophets Differ.

“Probably we shall have a period of great industrial activity when peace is proclaimed, but I cannot prophesy how long it will last. I have consulted people who claim to be authorities, and they place the period of intense prosperity and activity as being much longer than I should have placed it. They say it may be three, four, or five years, followed by a period of dreadful depression.” (Emil Davies, President of the Railway Nationalisation Society.)

“For unless all experience is misleading, the first years of peace will be a time of grave depression, affecting not one or two trades, but the whole of our industrial system.” (Rt. Hon. Arthur Henderson, President of the Board of Education.)

“We venture on no prediction as to the state of trade, in this country, in Europe generally, or throughout the civilised world, either within the first twelve months of peace or in subsequent years. On this subject economists differ apparently as widely as business men. Sir George Paish has just been telling the London School of Economics that Great Britain will, in his opinion, come through the war with its productive capacity unimpaired, and with a dominating position in the world markets. Other prophets take a more gloomy view, and look, after spasmodic spurts of activity in particular trades, to a prolonged and almost universal depression, affecting alike production, distribution, and consumption; and marked by widespread unemployment and suffering” (“New Statesman,” February 12, 1916.)

Probably the explanation of this divergence of view is that different aspects of trade, and different stages in its revival, are chiefly thought of. We must distinguish between (a) local briskness, or (b) transient spurts, both of them compatible with (c) local slumps and (d) temporary depressions, and (e) a general revival of trade in the aggregate, or (f) prolonged general depression.

B.—Demand after the War.

In the present system of capitalist industry, Production is apt to wait upon Demand. How will Demand be affected by Peace?

(To what extent will the Government continue to demand military goods of all kinds? Will the Central and Local Authorities demand roads, public buildings, parks, land reclamation, houses, etc.? What will the dealers and merchants in other countries demand from our manufacturers? Are we likely to impose new Customs Duties of a protective character, and what effect would this have on Demand? How far has the war brought about a redistribution of income among social classes, and how will demand for goods be thereby affected? If there is widespread unemployment and low wages (or, alternatively, little unemployment and maintenance of the Standard of Life), how will that modify demand? Whether we consider the demand of the National Government and Local Authorities, or the demand of buyers overseas, or the demand from individuals at home, it is impossible to predict definitely (a) its extent, (b) its character, (c) when it will increase). (Note that, although we think we know very accurately the "laws" of mechanics, no one can predict precisely how or when a wave will burst into spray. We can never measure all the forces acting at each point.)

We can, however, foresee broad features of the results of Peace on Demand:—

1. There will be a quite sudden diminution (almost a cessation) of the present exceptional Government orders for munitions and military and naval equipment of all sorts (including food).

This will depend upon the rate at which the Government disbands the Army, and upon the extent to which it decides to keep the nation armed. But, whatever its precise proportions, the stoppage cannot but be prodigious, and its consequences revolutionary. Instead of giving orders for several million pounds' worth of goods of all kinds each day, the Government will suddenly ask only for a few hundreds of thousands of pounds' worth. Every trade ministering, even indirectly, to the support of the Army and the Navy will be affected. (Note that in this category we must include munition-making, engineering, all the metal trades, coal-getting, transport, textile industries, leather trades, shipping, timber, agricultural produce, food manufactures, etc.).

2. There will be a spasmodic increase of private orders at home.

The deterioration of all fixed capital, which grows progressively more considerable as the war drags on, needs to be made good. Shipowners will want new ships, manufacturers will want new plant, machinery of every description will need cleaning, repairing, and replacing; everywhere people will be requiring housing repairs, furniture, clothing, and various luxuries that have been temporarily given up. The shop-keeper will give increased orders to the wholesale merchant, who will at once set about replenishing his stocks by giving orders to the manufacturer; in proportion to their spending power, the several classes of the public will make innumerable industries transiently busy. It may be that, in reaction from the parsimony inflicted on us by the war, we shall all for a time spend as freely as we can. (Note that in certain trades manufacturers are accumulating scores, and even hundreds, of big orders to be executed when hostilities cease. Owing to this reason, it is said that "a peace boom in the iron and steel and shipbuilding trades appears to be certain." What other industries may expect a boom?)

3. There will be a temporary demand upon this country to assist in the restoration of the wasted areas on the Continent.

Naturally, France, Belgium, etc., will give orders to their own people as far as possible. But it looks as if for certain goods these countries will be obliged more than usually to look to England, at least, for a period. (What goods?) There may well be orders from Russia, Turkey, Greece, Armenia, Serbia, etc.

4. To what extent will the world demand British goods after the war? (See Chapter VII.)

C.—Our National Resources.

The effects of the war upon our economic resources depend upon the length of time the war lasts. "The extent to which we shall regain our position depends not on the result, but on the duration, of the war." (Emil Davies.) Nevertheless, it seems safe to prophesy that this country, as Sir George Paish and other experts have maintained, will come through the war with its productive capacity substantially unimpaired.

Consider the effects of the war upon the four "agents of production":—

1. Land.

The war promises not to have deprived us of an inch of soil; it will have brought more rather than less land under cultivation; it has not robbed us of our coal or our water-power or our railways or our seaports.

2. Labour.

It is possible that, through death, maiming, and disease, the war may cost us, from first to last, half a million of men. (This is not as many deaths as occur in the United Kingdom each year, but of such normal deaths a large proportion are those of infants and old people. The war loss is wholly of men in the full vigour of productive life.)

The number of persons "gainfully employed" in the United Kingdom is about 20 millions. Of this force we shall have lost by the war, perhaps, 1 in 40, or about $2\frac{1}{2}$ per cent. We could make good this falling off in production if we adopted any one of the following expedients: (a) Improve our health and vigour to the extent of doing the equivalent of a quarter of an hour more work every day—most of us could do that; (b) use more machinery, to the extent of 41 machines where before there were only 40; (c) diminish the "time lost" at the factory or the mine by just half a day in each month; (d) work one hour a week longer; (e) put just that little extra intensity into the work that would turn out 41 articles each day instead of 40.

If we chose to reduce the Infantile Mortality of the nation—which is quite within the power of the Government—from the level of Lancashire to that of London, from the level of Shore-ditch to that of Hampstead, we should make good all the mere numerical loss through the war within ten years. If we chose to prevent tuberculosis—again, as regards at least half the cases, quite within the power of the Government—we could make good the loss of productive workers through the war within ten years.

3. Capital.

Those who are pessimistic about the future derive their pessimism largely from the anticipated shortage of material capital. To some extent we have been "living upon our capital" during the war; we have, moreover, put nothing by;

whereas before the war we were saving (i.e., creating additional capital) to the extent of 400 million pounds every year; after the war, factories, roads, machinery, etc., etc., will be generally in a state of deterioration and disrepair; the rate of interest will be high; moreover, it may be even higher in other countries, so that what capital there is may be tempted abroad, unless prevented by Government control. (Should it not be?)

The probable shortage of capital is perhaps the most serious aspect of the position. Let us, however, remember the enormous accumulations before the war (estimated at £12,000,000,000), our escape in this country from sheer destruction of capital (except in shipping), and the possibility of State action to secure capital at reasonable rates for housing, the enterprises of Local Authorities, and domestic industrial developments. Sir George Paish has declared that "we may confidently expect that after the war we shall have as much new capital for investment as before it."

4. Organisation.

The economic system of the country, such as it was, is in its essentials intact. The greater part of our overseas trade is going on; our financial system, our communications, our staple industries, are all secure. The waste of competition, the lack of deliberate adjustment of production to demand, the failure to regularise production—all these faults remain. But we have gained immensely in our national powers of organisation through the experience of the last two years; and perhaps we shall now set ourselves to remedy these drawbacks. Let us take heart also in the fact that the same extraordinary adaptability which the economic system manifested when the nation mobilised for war will be there when the nation demobilises for peace. It depends largely on our will.

CHAPTER III.

WHAT WILL HAPPEN TO PRICES?

A.—Why have Prices Risen during the War?

1. Some of the Facts.

Basing its conclusions upon the investigation of 1944 family budgets, the Board of Trade estimated that on an average each working-class home in 1904 devoted 22s. 6d. to expenditure upon food. (Bread and flour, 3s. 7d.; meat and fish, 5s. 5½d.; bacon, 11½d.; eggs, 1s.; fresh milk, 1s. 3¼d.; cheese, 6½d.; butter, 2s. 1½d.; potatoes, 11d.; vegetables and fruit, 11d.; currants and raisins, 2¾d.; rice, tapioca, and oatmeal, 6d.; tea, 1s. 1½d.; coffee and cocoa, 3¾d.; sugar, 11¾d.; jam, etc., 6½d.; pickles, etc., 3¼d.; other items, 1s. 9½d.)

In 1894 these same articles would have cost 20s. 9d. only; but in 1914 25s. 8d.; in July, 1915, over 33s.; in July, 1916, not less than 40s.

We learn that, of foodstuffs, lard alone has fallen in price during the war; unfortunately the workers cannot live exclusively on lard! The rise in the cost of living has, therefore, fallen upon them with terrible force.

(Note.—The cost of living includes other items besides food, such as house rent, clothing, train and car fares, amusements, Trade Union and Friendly Society subscriptions, tobacco, alcoholic drink, etc. These form a larger part of the budget of the worker at 30s. or £2 a week than of the worker at 15s. or £1. Many of these items have not risen in price, and others have risen less than food. So that, whilst the cost of food may have risen since the outbreak of war 60 or 70 per cent., the cost of living has probably risen only 40 per cent. Unfortunately it is the poorest families who have to devote the largest proportion of their earnings to food; and in their cases the cost of living may well have risen by 50 per cent.)

2. **Some of the Causes.**(a) *The Cost of Production has risen through—*

1. Increased cost of raw materials, components, and all the adjuncts of manufacture.

2. Increased freights and insurance by sea, and increased cost of carriage by land (including increased delays and difficulties of transport).

3. Increased interest on capital borrowed, and increased cost of insurance.

4. Increased difficulty in obtaining an uninterrupted and sufficient supply of materials and of some kinds of labour.

5. Rise in the rate of wages, and, therefore, of the cost of labour.

(b) *The Currency has been inflated by—*

1. The issue of Currency Notes.

2. The expansion of Bank Credit as the result of the War Loans and Government advances.

3. The great increase in paper money in France, Russia, Italy, etc., which affects us through the Foreign Exchanges.

(c) But prices have risen in most commodities to a level beyond that for which mere extra cost of production can be held accountable. Why?

1. As the Committee on the Retail Prices of Coal pointed out, when there is a shortage of any commodity, consumers compete for the supply, and thus prices are apt to rise quite out of proportion to any change in the cost of production.

2. Largely by taking advantage of this tendency, producers can often exact a "monopoly" price for their goods or services (e.g., merchant shipping.)

The Commercial Attitude.—"The opportunities now open to British shipping are obvious. There are no more cut-rates by subsidised German vessels. German ships being swept off the sea, we have now no serious competitors in the carrying trade of the world." ("Journal of Commerce," Nov. 2, 1914.)

The Attitude of Labour.—"If a section of traders would not co-operate in the national crisis, and insisted upon taking advantage of the opportunity which the war created, then the Government should step in and deprive them of their chance. There was now as great a demand for labour as there was for food, but if workmen made any corresponding exaction to

that of many traders and dealers the Government and Opposition would at once cry out against them as having no patriotism." (Mr. J. R. Clynes, M.P., House of Commons, Feb. 11, 1915.)

The Statesman's Comment.—"I have not the smallest doubt that well-managed ships to-day are making simply enormous profits, and that those profits come from the very cause for which the people of this country are making sacrifices in every direction, and even giving their lives." (Mr. Bonar Law, House of Commons, Feb. 11, 1915.)

B.—What will be the Price Level after the War?

1. *Demand.*—From the demand side, it is the "final utility" of an article which governs its price. In order to satisfy their need for the means of life, the mass of the people will be willing—they must be willing—to pay all that they have. Whatever the price of bread, the bakers sell approximately the same number of loaves to a given population.

2. *Supply.*—From the supply side, it is the cost of production of an article that governs its price. The poor who demand necessities must be willing to pay sufficient to cover (to say the least) the cost of production of all portions of the supply that has to be brought to market to satisfy the demand.

Generally speaking, the cost of production promises to be greater after the war than it was in 1914. Capital will be dear (i.e., the rate of interest will remain high); the appropriate labour will, in the skilled trades, be less than it was, and, perhaps, less efficient; there may be "labour troubles"; shortage of shipping, and continued high freights will tend to maintain the price of imports; the redistribution of commerce effected by the war, and possibly by the international fiscal or economic arrangements that Peace will bring, may well leave us producing different things at a higher average cost than under the former distribution of the world's trade.

3. *Monopoly Prices.*—Economists tell us that in the case of a monopoly it is not cost of production, but what the public can be made to pay, which determines price. "The rise in prices has, in fact, been due even more to internal conditions than to the effect of the war in importation and exportation." (Cole: "Labour in War Time.") The extent and power of monopoly after the war will be greatly increased (e.g., by combinations of manufacturers, if not by trusts and cartels, etc.)

4. *The Government and Prices.*—Has the Government shown itself willing and able to protect the working classes from extortionate prices during the war? Will it be more successful in peace? Must we believe that “there is no way in which the destruction and waste of war can be made economically advantageous to the people as a whole; the people must suffer, and the chief direct way in which this suffering is inflicted is by a continuous rise in the cost of the necessaries of life”? (J. A. Hobson.)

NOTE.—In order to solve such problems thoroughly, it is essential to consider, in the case of each article, what will be the forces of Supply and Demand after the war.

Some Illustrations:—

(a) *Coal.*—The urgent need for coal for war purposes, the shortage of miners, the dislocation of the railways, and the high freights have largely sent up the price during the war. If trade is depressed after the war, it is conceivable that the price of coal may decline somewhat from its present level.

(b) *Rent.*—The Restriction of Rent Act (which fixes rents of working-class dwellings at pre-war rates) expires six months after the end of the war. With the building of small dwellings virtually suspended for years, what will happen then?

(c) *Bread.*—The rise in the cost of wheat has not only been due to burdensome freight-charges. Given good harvests and the release and restoration of shipping, wheat prices may come down again. But this will only be gradual. Ships will be scarce for years. We shall not again in our lifetime see bread at 4d. per quartern.

No more profitable exercise can be recommended for the student than the elaboration of “Price Histories” of the various articles on which he spends his income. Find out what the commodity costs “at the source”; how much the shipowner charges; how much the railway adds on; how much the retailer exacts, etc., etc. Which of these “profiteerings” are legitimate? Which can be avoided or reduced by Government or other action? (Might not the Co-operative Movement keep us informed, in “The Co-operative News” or “The Wheatsheaf,” of the “price-histories” of staple commodities?)

C.—State Action.

“The most difficult of all the problems which the Government is called upon to solve is that connected with the regulation of prices. Economically speaking, society is bound together by the price-link. Labour and land are directed to various uses, and capital as well as commodities are produced and distributed in response to the call of prices: and experience teaches that attempts to produce artificial variations of prices are apt to produce unlooked-for and harmful reactions which frequently nullify the object which the regulations seek to attain.” (Mr. W. T. Layton, in “Political Quarterly,” May, 1915, p. 72.)

Generally speaking, we may say that unless it can control Production the power of a Government to control Prices is very limited. (Compare the experience of the Co-operators.)

(a) Can the Government fix Maximum Prices? How far was the failure to fix maximum prices for food and for coal due to the Government's feeble handling? How far to economic forces? Will the supply inevitably fall short when a price is fixed below what the state of the market would create?

(b) Can the Government bring prices down by controlling export? (Note the prohibition for this and other reasons of the export of raw wool and coal and confectionery during the war. What would be the effects of the re-imposition of an export duty on coal?)

(c) What would be the effect upon the prices of necessities of a greatly reduced consumption of drink, tobacco and other luxuries? (This might be brought about either by increased taxation or by “self-denial.”)

(d) In what ways would the nationalisation of the mercantile marine or of railways make wages go further?

(e) Would State Ownership of coal mines mean cheaper coal?

(f) Can the Government continue to stereotype working-class rents after the war? Can it reduce commercial rents by entering upon a comprehensive housing scheme of its own?

(g) Could the State or Municipal development of dairy-farming and market gardening reduce the prices of butter, cheese, eggs, milk and vegetables? (Note Co-operative experience.)

(h) Can the Government fix the price of bread? (Note that we must be willing to pay such a price as will secure us supplies from every part of the globe, so that control of supply is impossible. The most the Government could do would be to fix a sliding scale for the retail price, varying according to the world-price of wheat. This would not prevent the bulk of the price-variations.) (What would be the results of "communisation of bread"?)

(i) What will be the effect of the proposed new fiscal arrangements upon prices?

D.—The Co-operative Movement.

There are to-day still only $3\frac{1}{4}$ million co-operators, and these are at present more inclined to maintain their "divi." than to reduce prices. The enforcement of the Excess Profits Tax and the threatened Income Tax is, however, producing a strong tendency in the Co-operative Movement towards paying a lower dividend (say a uniform shilling)—with what effect on prices? The Movement already possesses considerable estates in West Africa and Ceylon, and has recently established 2,000 pigs on land of its own in Ireland; suppose the proposals of the Shillito League are progressively put into effect, and Co-operators not only manufacture for themselves and run their own fleet of steamers, but come to own the sources of production, what would be the results on prices, membership, industrial and social conditions, etc.?

CHAPTER IV.

WHAT WILL HAPPEN TO WAGES ?

A.—Wages in War Time.

There is an impression among the wealthier classes that "the workers are better off than they ever were before." The actual facts seem to be :—

1. Money wages have risen appreciably only in industries so essential for the prosecution of the war (e.g., mining, munition-making, shipbuilding, railway service), that the workers have been able to "make terms." These comprise fewer than one-third of the whole. For the majority of the workers there has been scarcely even a nominal rise. Certain sections are getting actually less money earnings than before (e.g., numerous shop assistants, many "domestic retainers," many "minor professionals," theatrical and music-hall employees, dress-makers).

2. The best available estimates indicate that since the war began the total annual wage-bill, in money, throughout civil industry, may have increased by about 15 per cent., say from about 800 to about 920 millions sterling. But there are probably $2\frac{1}{2}$ million fewer workers in civil employment (say over 3 millions with the forces, less nearly a million newly enrolled industrial workers, women, children, old men, Belgians, Canadians, etc.), among whom this has to be distributed. This brings the average rise in money earnings per worker (including overtime) to, say, 20 per cent. ; or, roughly, a 5s. a week "war bonus." (The coal miners have secured an advance of 15 or 20 per cent. on earnings in certain localities, less in others ; railwaymen, 5s. a week bonus, less than 20 per cent. on average wage ; agricultural labourers, two or three shillings a week, usually as bonus ; engineers and skilled munition-makers, often specially high piece rates, bonuses and overtime payments ; many kinds of public employees, mostly bonuses ; women workers, except those on munition work, have secured little advance or none ; clerks, teachers, shop assistants, typists, etc., usually none.)

3. But note :—(a) These increased money wages are to a great extent given in return for extra strain, Sunday work, overtime, etc. In most cases it is doubtful if the extra amount paid, even if it represented an actual advance in real wages, would compensate for the extra wear-and-tear, etc.

(b) Hardly in any cases—except in those of a few highly skilled engineers and certain transferred unskilled workers (e.g., women put to skilled processes in munition factories at piecework rates), embracing not as many as 1 per cent. of the wage-earners—has the rise in wages been commensurate with the increased cost of food, which from August, 1914, to August, 1916, is estimated at not less than 65 per cent.—or even with the increased cost of living (including rent, clothes, etc.), estimated at not less than 40 per cent. (See Chapter III.)

(But it should be noted that, apart from rises in wage rates, family prosperity has been assisted by (a) the increase in the number of wage-earning members—children, aged, wives; (b) separation allowances and pensions, now reaching 80 millions a year; (c) the reduction to a minimum of unemployment.)

B.—Peace : The New Factors in the Determination of Wages.

1. The advances granted during the war are for the most part terminable upon the outbreak of Peace, or shortly after it. Great sections of workers have accepted “war bonuses.” These are in many cases understood by the employees to be terminable, not when high prices cease, but immediately Peace comes; others (e.g., in the case of certain sections of the engineers) are terminable six months later; the bonus given to the railwaymen is to cease when the Government gives notice determining the present control agreement. The Government Committee on Production has explained “war wages” as “due to and dependent on the existence of the abnormal conditions now prevailing in consequence of the war.” (What does this mean? Will war wages be continued so long as the “abnormal condition” of high prices lasts?)

2. The Labour Market promises to be overcrowded; millions will be seeking jobs. (Chapter I.)

3. Trade will be uncertain, fitful, subject to increased charges, and, at least in many industries and localities, depressed. (Chapter II.)

4. The Cost of Living will remain high. (Chapter III.)

5. Trade Unionism will be weaker. (Chapter V.)

6. Employers will be stronger. (Note that in no case did any section of workers succeed in getting any advance during the war, except by persistent pressure or threats of strikes. Yet in view of the rise in the cost of living, and in the profits being made by coalowners, munition firms, etc., the argument for such a rise was irresistible. What does this imply for the conditions prevalent when Peace "breaks out"?)

7. What will the Government do?

(Down to the present, the Government has proposed nothing to avert a disastrous fall in wage rates. Note the doubtful value of the Government "guarantees" to Trade Unionism (Chapter V.). Note that the Government itself required pressure at least as great as that required for a private employer before it would raise the wages even of its own employees during the war. To the demand of the National Joint Committee of Postal and Telegraphic Associations for a rise in wages, the Postmaster-General (Mr. Hobhouse) replied: "The Government have decided that the rise in the cost of living is not by itself a sufficient reason for increasing the wages of their employees"! It was driven to arbitration, when the award was given in the men's favour.)

C.—What will be the level of "Wages in Peace-Time?"

1. Even if existing Standard Rates are maintained:—

Unless prices fall very extensively and very promptly—which the experience of past wars makes most improbable—the cessation of overtime and special rates of pay, as well as the war bonus, will, in itself, bring the workers face to face with an actual fall in real income.

2. Will Standard Rates be lowered?

The employers will have to bear greatly increased charges in (a) the rate of interest being nearly doubled; (b) additional taxation; (c) increased cost of materials and components; (d) higher freights; (e) they will seek to regain lost markets by offering their products at the lowest possible prices. Some economic experts (e.g., Mr. F. W. Hirst) predict "many years of falling wages." Generalisations, however, are of little value. The student should consider separately each

industry (e.g., his own). Wages will depend primarily upon the interaction of the forces of "Supply and Demand." We have to ask in each sub-division of industry: "What demand will there be for workers?" and "What supply of workers will be forthcoming?" In some kinds of work the circumstances may perhaps of themselves produce an actual increase of wages (e.g., in agriculture, if the soldiers who were formerly on the land refuse to return to the lot of a farm labourer), but it is to be feared that, in many an industry, for a long time, two men will be running after one job. If this is true, unless there is prompt and adequate organisation, and Parliamentary intervention to enforce the Standard Rates and a Legal Minimum, wages must fall disastrously.

D.—How can the Standard of Life be Preserved?

If prices cannot be kept down (Chapter III.) how can wages be kept up?

There is no way of keeping up wages, where the "natural" economic forces tend to depress them, except by concerted action on the part of sections of the community or of the community as a whole (i.e., Trade Union Action or State Intervention).

These questions may pertinently be asked:—

Which Trade Unions will be strong enough to preserve the Standard of Life, even of their own members? Can they save the three-quarters of the workers who are not organised? Are the Trade Unions making any satisfactory preparation now to ensure the maintenance of their Standard Rates when Peace arrives?

What measures ought the State to take to prevent that most disastrous of all national calamities, a general fall in the Standard of Life? Could it do so by actually preventing unemployment (as distinct from letting it occur and then merely relieving the unemployed); by adhering to its own Standard Rates and enforcing a like policy on Local Authorities, Trade Boards and contractors for public work; by enforcing the payment of a properly graduated minimum wage throughout the whole of industry (as in Australia)? (Note that there will be no shortage of work. "Before there can be 'a general scarcity of work' the world must be completely supplied with everything it desires to have." (Cannan.) This will be very far from the case after the war! There will be not only the wastage of war to make good and trade to recover, but also the

urgently required rehousing, and the proper feeding and clothing of the millions now inadequately supplied, a great rebuilding and extension of schools, etc., etc. There may be a failure of organisation, but never a lack of work. By proper arrangements the Government can secure the two-fold benefit to the nation of getting essential work done and preventing men and women from being unemployed. The result of such arrangements will be the maintenance of the Standard of Life.)

Payment According to Food Prices.

Perhaps the greater part of the friction between Capital and Labour during the past decade, and especially during the war, has been consequent upon the fact that the purchasing power of money has been steadily (and during the war rapidly) declining. (Chapter III.) The late Prof. Jevons advocated "a tabular standard of value" in the terms of which all contracts should be interpreted, so that if prices rose wages would automatically rise, and vice versa. The Board of Trade publishes regularly Index-Numbers of Prices based upon the prices of the main commodities upon which the worker spends his income. Would it be possible to base rates of wages (especially all the awards of arbitrators, and the determinations of Trade Boards) upon these index-numbers instead of upon coins, so that whatever the course of prices, the money wages would continue to "buy as much"?

Some of the difficulties in the way of such an arrangement, apart from the prejudice of both employers and employed, are that prices vary differently in different localities, and that workers spend their money on different commodities. But possibly if changes were made at three- or six-monthly intervals, variously in each locality, and only when there was at least a 5 per cent. rise or fall in the cost of living, such method of remuneration would be feasible. It might be introduced, to begin with, in certain Government Departments; Old Age Pensions and other pensions might be thus paid, etc. A universal payment of wages upon this system would be of almost incalculable benefit to the workers. Without in any way depriving them of their right to make new contracts for higher wages, it would ensure that, however the cost of living might rise, the burden would not be put upon the shoulders of those least able to carry it. Much of the special danger to the wage-earners of Protective Customs Duties would be removed, though not their other economic effects. Legal protection for the Standard of Life thus far secured would be gained, without in any way preventing its elevation.

CHAPTER V.

WHAT WILL HAPPEN TO TRADE UNIONISM ?

A.—What has happened to Trade Unionism during the War ?

1. Of recent years Trade Unionism has increased considerably in numbers and fighting strength. In 1914 the movement claimed a membership of over four millions, and exercised real power in the great industries of coal-mining, cotton-spinning and weaving, building, engineering, shipbuilding, the railway service, and in many smaller skilled occupations. In more than one direction, when war broke out, pregnant developments were imminent.

2. The war produced a demand for the suspension of such workshop customs and Trade Union regulations as would in any way limit the greatest possible output of all kinds of "munitions of war."

(a) Trade Unionism patriotically surrendered regulations built up by a century of effort for the protection not only of the Standard Rate and the Normal Day, but of the elementary rights of combination and freedom to refuse a bad bargain.

(b) Further, by the Munitions of War Acts, 1915 and 1916, nearly 4,000,000 workpeople have been prohibited (1) from striking; (2) from leaving their employment without the employer's permission, no matter what the reason; (3) from disobeying any of the rules of the shop. Meanwhile, the employer is not bound to find them continuous work or even subsistence, and may dismiss them at will. Munitions Tribunals enforce the law by fines deducted from wages; Government arbitrators decide absolutely whether advances of wages are to be granted or not; piecework is imposed at arbitrarily fixed rates.

(c) Work has been rearranged so as to open skilled jobs to unskilled workers; semi-automatic lathes and other machines, which do not require "skilled" manipulation, have been multiplied. These changes have facilitated the introduction of several hundred thousand unskilled (and mostly non-unionist) workers into the skilled industries. ("Dilution and Substitution.")

(d) The concessions made are sufficient, if not in some form reclaimed, to undermine the Trade Union movement. In the trades affected they include the right of entry of unskilled outsiders (including women and boys) to skilled work; indefinite overtime at the fiat of the employer; indefinite speeding-up without increase of pay; piecework rates with neither Collective Bargaining nor a fixed scale; compulsory continuance in a job; compulsory arbitration, etc.

3. In return for this "blank cheque" the Government has given Trade Unionism certain compensations:—

(a) "For the Duration of the War."

(i) In its own factories and in the 4,000 "controlled establishments," the Government has, after considerable pressure, undertaken to secure the payment of certain minima of wages and to prevent excessive overtime. Women employed on jobs exactly the same as those formerly done by men are to receive the same piecework rates, and a minimum of £1 a week on time-work. Not until July, 1916, was any order issued securing to other women even 4d. per hour. Widespread complaint is made of the ineffectiveness of this tardy Government protection.

(ii.) Working men and women "Assessors"—unfortunately without substantial power—have been appointed to the Munitions Tribunals.

(iii.) Munitions Committees, largely composed of Trade Union representatives, have, in certain trades and localities, been established; but these, being advisory only, and without power to interfere with management, have no real influence on workshop conditions.

(b) The Guarantee of Restoration After the War.

The Government has repeatedly pledged itself to effect the complete restoration of all the workshop customs and Trade Union regulations abandoned during the war.

B.—The Dangers to Trade Unionism after the War ?

1. Can the Trade Unions rely upon the Government "guarantees" ?

(a) The Ministry of Munitions has taken power in the Munitions Acts to compel every employer to keep a record of changes made in his establishment. But it is general knowledge that such records have often been imperfectly kept, and that no employer has yet been prosecuted for neglect ; Trade Unions have often failed to obtain copies of the record.

(b) Changed industrial conditions may well render it impossible for the Government to restore the *status quo ante*—no matter how sincerely it may desire to do so.

(c) The Government's masterful control of industry during the war in itself constitutes a menace to the independence of Trade Unionism.

2. Trade Unionists will awake in a new Industrial World.

Lines of demarcation between crafts largely obliterated—limits of work between skilled and semi-skilled men and women obsolete—workers making a greatly increased output—new methods of factory organisation introduced—new machinery installed—the State become a partner in industry—new demands being made, especially for a maximum of production, in order to restore trade.

3. Unemployment and the Probability of Competition among the Workers Themselves.

Note that there is grave danger of a widespread slump in trade, either immediately the war ends, or after no long interval. Note that even if trade is not seriously depressed, demobilisation in itself threatens Trade Unionism to its foundations. (Chapter I.)

It has been said that "A state of industrial dislocation, with unemployment prevalent, and an organised endeavour of philanthropists and Labour Exchange officials to get millions of discharged soldiers into situations by any means and at any price, in preference to anyone else, offers the most serious menace to Trade Union rates and conditions that has ever occurred."

4. The Strength of the Employers.

Employers will be more amalgamated, better off relatively to the workers, and, it is to be feared, more hostile than ever.

Note.—(a) “Capital” has surrendered no powers which it will not automatically reclaim.

(b) The demand for increased production to restore trade will assist employers to oppose Trade Union “restrictions” and maintain their army of unskilled workers.

(c) There are probably going to be great “Trade Associations” in each industry.

C.—What Ought Trade Unions to be doing?

The Watchwords are Thought and Organisation.

Each Union should be taking action on its own behalf and joining with other Unions in common action. Could each Trade Union Executive—even each Branch—appoint a small committee to think out what is likely to happen in its own trade or district, and what precautions could be taken? Could each Trades Council follow the same line? A special committee on “Labour After the War” has now (August, 1916) started to draw up a policy for general adoption.

1. Preparedness!

Consider these suggestions:—

(a) That each Union should open its ranks to all persons, men or women, earning the standard rates in the trade; (b) that organisers should be appointed to ensure that the staff of every establishment is “influenced”; (c) that a national campaign of recruiting for Trade Unionism should be set on foot; (d) that every Union should institute a special levy now, in order to build up a Special Reserve Fund for coming trials; (e) that the Government should be pressed to extend its Unemployment Insurance now to the eight or ten million still uninsured wage-earners.

2. Policy.

Each Union must decide which of the surrendered workshop customs and Trade Union rules—or what substitutes for them—it intends to demand.

The following questions may be asked:—

If it is to be insisted on that all workers in an establishment shall be members of the Union, must not the Union be prepared to admit to membership all those actually employed in

its trade? What exclusions, if any, can be justified? Is it possible or desirable to frame piecework scales, which the associated employers and the associated workmen can agree to, only to be changed by common consent, for those industries where they are not yet established? Can the constant "cutting" of piecework rates be prevented in other trades by a guaranteed minimum of "time and a-quarter" to every worker at piece?

By what methods can the Union encourage the introduction of new machines and processes without sacrificing its integrity? Need the productively advantageous changes made during the war be upset?

(Could the Unions safely give up all attempt to keep out "unapprenticed men" or "persons with no right to the trade," and all demarcation objections, provided (a) that the employer always pays the Standard Rate for the job, or, if there is a dispute which rate applies, the higher rate; and (b) that every worker joins one or other Trade Union? Note experience of cotton spinners.)

3. Trade Union Constitutions.

Many handicrafts are upset; many men have changed their work; many establishments are turning out new products. The war has "mixed up" trades, processes, and workers. Are Unions organised on the best basis for the changed conditions?

Could not many of the 1,100 existing Unions be amalgamated?

Should the basis of association be (a) employment in the same firm or establishment; (b) skill in the same craft or ability to "take each other's place"; (c) employment in the same industry, in the sense of co-operating in the production of a single commodity or service? (Note that each of these is logically inconsistent with the exclusion of one sex, or any race or nationality; and also with the requirement of any particular apprenticeship or past experience.)

Where should the rules place the power to decide (a) in an emergency; (b) on less urgent matters of policy? What powers should be given to (a) the Central Executive; (b) the local Branch or District Committee; (c) an elected Council, meeting quarterly; (d) a delegate meeting; (e) a vote by post of all the members or branch meetings? Note the importance of the principle that the power of decision must be inseparable from the liability to pay for the results.)

CHAPTER VI.

WHAT WILL HAPPEN TO WOMEN IN INDUSTRY?

A.—The Influx of Women into Industry.

The number of women who have entered industry because of the war, and who are likely to desire to remain in it after the war, is commonly exaggerated. It is doubtful whether it exceeds a quarter of a million; while the total number of "gainfully occupied" women at the census of 1911 was well over 5,000,000. The census of 1911 shows us the bulk of these women taking part in domestic service, textile and other factory work, dressmaking, laundry-work, charring, "clerking," teaching and nursing. The million women who may have entered industry during the war have, for the most part, entered occupations already within the women's former province, e.g., clerical work, subordinate operations in the factory, serving in shops, nursing and teaching. There has, however, in many cases been considerable re-arrangement of duties ("re-grading"), and in manufacturing processes a great increase of semi-automatic machinery, so as to bring additional operations within the strength and capacity of women. But in some fields, notably in transport and in engineering work, essential to the output of munitions, and in the leather trades, women have come in large numbers into occupations formerly regarded as exclusively men's. Generally speaking, women taken on during the war by private employers, as well as by the Government, are being paid wages considerably less than are being paid to men for similar work.

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B.—The Conditions Produced by Demobilisation

So long as the war continues all the women available can be absorbed as well as all the men. When the war ends—?

1. In a majority of cases where women have been taken on during the war, there is no clear understanding as to "whose job it is" when the men return.

2. Employers will, where at all possible, seek to maintain the employment of women on the type of machine or in the class of work to which they will have become accustomed.

3. Many of the women have declared unequivocally that, having achieved an entry, they do not intend to be ousted when the war ends.

4. Numbers of women will be seeking work along with the men, e.g., tram-conductors, shop assistants, waitresses, and numerous other substitutes for enlisted men whose situations have been definitely reserved for them; possibly 20,000 women engineers; some thousands of inadequately pensioned widows. Their number grows with every month of war.

5. Women, unorganised in Unions and with no defined policy, will accept lower wages than men.

Apart from the 370,000 women employed in the Lancashire cotton industry whose earnings are protected by effective Trade Unionism, "we have a cheap labour supply of some 4½ million workers, employed alongside the normal wage-earners of the country. We have a double standard of wages, a double standard of industrial training, a double or partly double system of industrial combination, a double standard of life. Moreover, this cheaper supply is capable of an almost indefinite increase; for its cheapness and the experience acquired during the war are both strong elements in its favour. It is even conceivable, if economic processes were allowed to go on unchecked, that a large part of the industrial work of the country might fall into the hands of these cheaper workers." ("Round Table," March, 1916.)

C.—What Will Happen?

We are told that "it is almost certain that the problem of the competition of cheap female labour will come up again after the war in an aggravated form." Will there be chronic, widespread competition and conflict between women and men? Will the women, supported by the employers, succeed in making "the permanent conquest of new industrial territory"? Will women's competition bring about a general lowering of the Standard of Life? Will cheap women's labour on a large scale be deemed essential to the restoration of trade? Will the State decide what is man's and what is woman's legitimate province in industry, and restrict each sex to its own sphere? (Note the bearing of national eugenic considerations on this problem.)

D.—Wanted : Both a Policy and Organisation.**1. A Policy.**

Miss Margaret Bondfield : "The principle of equal pay for equal work is accepted generally by organised Labour as represented by the War Emergency Workers' National Committee and the Trades Union Congress."

Miss Eleanor Rathbone : "... The policy of equal wages for equal work is not a practicable one."

What is meant by "Equal Pay for Equal Work"?

(a) This may mean equal-time-wages (equal hours and equal pay per hour) based on a "common humanity." But for the employer this very rarely means equal payment for equal services rendered to him. The woman seldom produces commodities or services equal both in quality and quantity to those of the man; but even when she does, she (1) often works shorter hours and cannot do so much overtime, or cannot work at night; (2) is absent, from ill-health, on an average, about twice as much as a man; (3) cannot be put, on account of physical or other incapacity, to certain services, frequently or occasionally required; (4) is usually less prepared to remain on for years at a stretch, to undertake responsibility or accept promotion; (5) causes extra expense to the employer, where both sexes are employed together, for superintendence, lavatory accommodation, welfare work, etc.

(If women teachers or clerks had always to be paid the same salaries as men of equivalent qualifications, which the men teachers and clerks have sometimes—and the women seldom!—proposed, this would quickly mean either that men would nearly always be preferred, if the salary scale was high enough to attract men, or, if the salary scale were lowered to the women's rate, that men would probably be ousted.)

(b) At equal piecework rates, the woman usually produces less and therefore earns less than a man, largely for the reasons noted above, see under (1) and (2); she often has to suffer deductions for jobs done for her (3); the employer suffers also from (3), (4), and (5). It is therefore difficult to secure even equal piecework rates.

(c) "Equal payment for equal services rendered" is neither (a) nor (b). For the woman it would mean either lower time-wages or lower piece-rates in order to compensate the employer for her disadvantages as a producer (1) to (5) above. Or, where the piecework scale is equal, there may be a practical segregation of jobs, so that the heavier, carrying higher rates, are nearly always done by men and the lighter nearly

always by women. (See Webb : Industrial Democracy on "The Exclusion of Women.")

Note this statement from "The Labour Year Book":—"The fixing of a rate for men and women, which shall be in equitable proportion to any less degree of physical endurance, skill or responsibility exacted from the woman, or to any additional strain thrown on the man, and which shall neither exclude women on the one side nor blackleg men on the other, is one of the most delicate problems with which the Trade Unions are faced."

Unless this principle (c) is adopted, and the woman's earnings are made closely equivalent to her lesser value to the employer, the bulk of either the men or the women may presently find themselves automatically excluded from any province which both are qualified to enter.

(Can this precise adjustment be obtained except by a carefully differentiated Minimum Wage Law? Without real equality of cost of labour to the employer, will he not always prefer one sex to the other? Given real equality of labour cost, which sex would he prefer?)

ORGANISATION.

In 1913 only 356,963 women were registered as Trade Unionists—over 250,000 of these in the textile trades. The number added during the war is so far not very great. Women are exceedingly difficult to organise for various causes, some of them irremediable; but the main difficulty, as with the unskilled male workers, is probably the lowness of their earnings (estimated at 10s. 10½d. on the average in 1912, as compared with the man's average of £1 5s. 9d.). For the most part (except in the National Union of Railwaymen, the Railway Clerks' Association, and a few others) men have resisted the admission of women in their specialised Unions.¹ On the other hand, the Unions of general labourers have, in nearly all cases, welcomed the accession of women.

"Probably there is no adequate solution; but clearly the danger can be reduced to the most manageable dimensions by getting the women into the Trade Union Movement. If this is not done while the war lasts, men and women alike will suffer for it on the declaration of peace." (Cole, "Labour in War-time.")

(¹) Note that the principal Trade Union endeavouring to organise women as such—the National Federation of Women Workers—is exposed to serious competition for members from such mixed general societies as the Workers' Union, the National Union of General Labourers (lately the Gasworkers' Union), etc.

PART II.—RECONSTRUCTION.

CHAPTER VII.

HOW SHALL WE REORGANISE OUR FOREIGN TRADE?

A.—The Effects of the War upon our Commerce.

(NOTE.—The subject matter of Foreign Trade is so complex that it is impossible to elaborate it in sufficient detail. The student is recommended, as a preliminary, to make a careful study, with the help of a commercial atlas, of the overseas trade of this country before the war. Only by so doing can he appreciate the effects the war has already had and estimate what its ultimate consequences are likely to be.)

1. What we are Losing during the War.

(a) *Export Trade*.—In 1913, exports of British goods were valued at 525 million pounds; in 1915, at 385 millions only. The figures so far available indicate that our export trade may be somewhat greater in 1916 than in 1915. Thus, provided the war is over at no distant date, it may seem that we have “lost” during the war less than one-fourth of our total export trade. Making allowance for the rise in prices, the loss is, in quantity, considerably more than this—perhaps nearly one-half. (In which of our exports, and to which countries, has this decline occurred?)

(b) *Lending to Other Countries*.—Our foreign and colonial investments before the war have been estimated at £4,000,000,000 sterling. (Every year before the war we were lending to other countries some £200,000,000.) These accumu-

lated investments gave us the power to exact "tribute" from abroad (as interest) to the extent of £200,000,000 per annum—which meant that some of the people of this country, without contemporary labour on their own part, enjoyed services and goods to this amount. This value came in as imports. During the war we have sold an enormous quantity of our foreign securities (perhaps £1,000,000,000), thus surrendering our right to receive tribute; worse still, by extensive borrowing abroad, we shall have laid ourselves under the obligation of paying tribute to capitalists in other countries for an indefinite period. When the war is over, we shall not be in a position to "lend" capital to other countries; we shall not even have enough capital for our own requirements, and the Government may prohibit foreign investment so long as the home demand is not fully met.

(c) *Shipping*.—It is estimated that the enemy has destroyed up to April, 1916, $2\frac{1}{2}$ million tons of our merchant shipping, out of a total tonnage of $18\frac{1}{2}$ million tons (in 1914); to this loss must be added the depreciation of our ships interned in enemy harbours and the deterioration of those in military use. Our shipyards can scarcely have been able to make good this loss during the war—probably we have not even built sufficient to replace those vessels normally "obsolescing" with the lapse of years. (In 1914, we launched a total tonnage of 1,683,553.) In proportion to the length of the war and the activity of the enemy miners, raiders, and submarines, we shall find ourselves, when peace comes, short of our requirements by some millions of tons. The shortage will be increased by the fact that all the belligerent countries will have similarly suffered.

(d) *Finance*.—London's geographical position has helped to make it the financial centre of the world; but, despite this, during the war, New York has gone some way towards supplanting it, at least, so far as Canada and South America are concerned. (Note that if we refuse to buy from, or try to shut out goods from Germany, German exporters will decline to take payments from their other customers in bills on London, taking instead bills on New York.)

(e) *Prestige*.—"This will be a different country when the war is over in more ways than one. We shall find ourselves deprived of the advantages of the prestige of the past, which have given us the unique position in commerce and industry we have enjoyed up to now, largely because we were in the field and our rivals could not come in." (Lord Haldane.)

B.—The Outbreak of Peace.

1. *Neutral countries*, so long as the war lasts, are capturing an ever-growing share of the world's trade. America, especially, seems likely to become predominantly "the workshop of the world" in metal manufactures; the immense natural resources of Argentina, now indispensable to Europe, will give that country also a period of intense prosperity; Japan (which, though nominally a belligerent, is freed by its position from absorption in war) is taking the utmost advantage of the opportunity to develop its export trade to Australia, India, and the Pacific; even Spain is gaining not a little at the expense of the belligerent countries. (The longer the war lasts, the more difficult will it become to restore the former conditions and trade routes.)

2. *Our Allies* will no doubt call for British manufactures and materials to enable them to restore their wasted and exhausted countries. But they will certainly not demand of us what they can conveniently supply for themselves; this new demand, moreover, will be transient only. For a whole generation all the Allied countries will be impoverished, and this means that they will be, on the one hand, poor customers, and, on the other hand, keen competitors.

3. *Enemy countries* will also be poor customers long after the war; on the other hand, they, even more than our Allies, will be fierce trade rivals. (Note that Germany was, after India, actually our largest customer before the war, taking from this country in 1913 no less than £60,000,000 worth of woollen and cotton goods, rubber, machinery, iron and steel goods, etc.)

4. *The Credit System* upon which modern commerce is established depends upon mutual confidence. It will be long before this is sufficiently restored over the world as a whole to allow of a "normalising" of the international economic relations. For many years, owing to the hostile feelings engendered by war, to the new conditions produced, and perhaps to subsequent internal troubles in various countries, the world will be unable to settle down again into that peaceful state which is essential to highly developed commerce. For instance, London's huge financial business in "accepting for foreign account" is likely to be checked.

C.—What Can Great Britain Do?

[NOTE.—What Great Britain cannot do is to become self-sufficing! With the utmost possible development of agricul-

ture, even supposing this to be practicable or desirable, we could not provide for the elementary needs, let alone the more cultured wants, of our vast population. In order that we may survive, still more in order that we may be prosperous, we must secure the importation into this country each year, not only of many millions of pounds' worth of foodstuffs, but also of many millions of pounds' worth of raw materials (cotton, wool, hides, rubber, iron ore, copper ore, tin, etc.), by exporting in exchange our manufactured cotton, woollen, iron and steel goods, machinery, ships, and coal. Our business after the war is (a) to recover as far as possible the custom we have lost; (b) to compensate for our permanent losses by increasing our production and finding new markets in our own country, in our colonies, in North and South America, and elsewhere.]

1. *Shipping*.—" . . . The shipping difficulty is an aggregation of difficulties, the converging point of almost all our pressing economic problems." This country in peace—and, as we have now discovered, also in war—is absolutely dependent upon its mercantile marine. The utilisation of our shipping in such a way as to secure the maximum of benefit to the trade of this country will be the most imperative of our coming commercial needs. After the war neutral ship-owners will be in some respects in a more favourable position than our own; and, as we have indicated already, we shall have suffered great destruction and deterioration of our merchant shipping. It has been predicted that, notwithstanding its present colossal gains, "within a few years of the conclusion of the war the shipping industry will ask for subsidies out of the national revenue." Other countries, including Australia and perhaps the United States, are solving the problem by establishing a State-owned mercantile marine. Has the time come for "our foreign trade to outgrow private enterprise, and be carried on by an industrial British fleet instead of by lines of commercial privateers" (as Bernard Shaw puts it)?

(A monograph considering the possibility of the "Nationalisation of the Mercantile Marine" is greatly needed. Is there some "Tutorial Class in its fourth year" that will give us it?)

2. *Developing New Industries as "Substitutes."*—The extent to which this can be done depends upon the actual conditions and possibilities after the war. It is necessary both to make sure of a market, and to establish the industry. There would seem to be possibilities of developing in the United Kingdom, with or without State aid, flax-growing, beet

cultivation, much more production of fruit and timber, the manufacture of toys, optical glass, hard porcelain, and other things that we carelessly abandoned to the Germans. There is considerable plant in the newly erected national factories (nearly 100 in number), much of it available for starting the industry of dyes and colours. (Consider how far the "orthodox" economic arguments against State subsidies to industries remain valid under the abnormal conditions produced by the war.)

(3) "*The Key-Industries.*"—The economically sound policy for a nation in the long run is to develop within its own borders as many as possible of the industries fundamental to its health and strength. Which are these? If it is desired to start new industries in order to increase employment for labour and capital in England, would not the real key-industries of peace be (a) the re-housing of the population; (b) the improvement of our system of communications; (c) the re-organisation of agriculture; (d) the development of the economically all-important "industry" of preserving the health of the community (drainage, water supply, hospitals, medical attendance, school clinics); (e) an increase in the output of our most valuable product, namely, a highly-trained population (more schools, colleges, and other educational buildings; more playgrounds, museums, art galleries, libraries, institutes, etc.)?

4. *Further Suggestions for Restoring Our Commercial Position.*—Consider the establishment of a Minister of Commerce; the regulation of the export of capital; State grants-in-aid to socially advantageous industries; the establishment of a publicly controlled banking system; the "commercialising" of our consular service, the development of commercial education—including the thorough teaching of foreign languages; the adoption of the decimal system; improved facilities for the transaction of business abroad and the collection of debts, etc. (Note the proposals of the Paris Economic Conference in these directions.)

5. *Upon What Recovery Depends.*—(a) Science—Intelligence—Hard Work—Adaptability. "The trade which we can only capture by throttling Germany with the aid of the British Fleet will not long be ours when normal conditions recur; and then what will become of the capital we are adjured to put into it? How did Germany originally secure this trade? She won it fairly by science, intelligence, hard work, and adaptability. Only by those qualities can we recover and keep it." ("Times," September 24, 1914.)

(b) The Result of Science, Intelligence, Hard Work and Adaptability :—"There is no reason why our manufacturers should not be able to win back the markets they are now losing, when the war is over, for there will always be a world-wide demand for English boots and shoes, owing to their good workmanship and wearing qualities." ("Economist," February 12, 1916.)

(c) The Way to Develop Science, Intelligence, Hard Work and Adaptability. (i.) By the individual effort of every member of the community. (ii.) By communal effort to ensure the utmost physical fitness and mental alertness to every individual.

D.—Can Our Foreign Trade be Reorganised by Means of a Tariff?

Many people are hastily taking up the idea that our previous policy of "the open door," and the use of customs duties only for revenue purposes (commonly called Free Trade, but not to be confused with *Laissez Faire*, or "do nothing" policy), has been made obsolete by the war; and that we ought now to have a Protective Tariff, as a means both of increasing our own trade and of diminishing the trade of our enemies.

1. Ethical Considerations.

(a) Rightly or wrongly, it is national animosity, not economic reasoning, that inspires much of the current eagerness for a tariff. For example, Mr. Runciman (President of the Board of Trade) declared recently in the House of Commons: "At any rate, we must see to it that, having ended this war victoriously, we do not give Germany a chance of reconstructing her commercial position."

(b) Rightly or wrongly, also, it is the desire for "international peace," "the United States of Europe," "the Federation of the World," etc., that gives the cue for many of the panegyrics of Free Trade :—

"Without exaggeration it may be said that universal Free Trade would be the greatest step towards the realisation of peace." (Mr. Arthur Greenwood, in "International Relations," p. 10.)

The adoption of a punitive tariff "would, in the opinion of the Union's Executive, be absolutely fatal to a lasting peace or

to any prospect of European reconstruction after the war." (Manifesto of Union of Democratic Control.)

2. Military, National and Imperial Considerations.

(a) Many are demanding a Protective Tariff in the desire to make this country more self-sufficing for military purposes. For this reason it is contended we ought to "protect" by Customs Duties, such "key-industries" as the making of optical glass and the manufacture of aniline dyes, as well as agriculture. [Has the term "key-industry" in this connection any definite meaning? What industries in this country during the present war were not key-industries? Will the specifically military key-industries of this war be the key-industries of the next? Can this country, with its huge commercial intercourse with other countries, ever become self-sufficing, even in a military sense?

Consider the method of securing key-industries:—"Our view is that as soon as it is proved that a particular manufacture is vital to national defence and that the home supplies thereof are inadequate, it is the duty of the Government to establish a national factory with adequate plant for its production on an adequate scale." ("Economist.")]

(b) The agitation for a tariff is largely the outcome of the fact that during the war many people have been "learning to think imperially," and they believe that by tariff arrangements the Empire can be welded more firmly together. (Note that it is very doubtful whether our self-governing Dominions, which "protect" their own manufacturers mainly against British goods, will desire anything like a British Empire Zollverein or Customs Union.)

3. Economic Considerations.

Advocacy of tariff proposals upon ethical, national and imperial grounds, is intelligible; but upon strictly economic grounds the arguments against Protective duties remain, for this country at any rate, just as overwhelming after the war as they were before it.

(Note that nothing has occurred during the war to modify the truth of Prof. Bastable's assertion:—"Whatever be the course of events, the soundness and expediency of Free Trade remain abundantly established, though it may be difficult to bring national policy into conformity with the results of reasoned theory." ("Theory of International Trade."))

It is impossible here to consider the fundamental pros and cons of the tariff question.² It would seem pertinent, however, to make plain some of the chief economic dangers and difficulties involved in setting up a tariff. It is the duty of those who desire to make this profound change in our international relations, and therefore in our internal conditions, to prove that the benefits will outweigh the disadvantages and that the difficulties can be overcome.

(a) *The Loss of Trade with Germany.*—In 1913 the British Empire exported to Germany £111,000,000 worth of (mostly manufactured) goods; and imported £108,000,000 worth of goods. Suppose we succeed in stopping our purchases from Germany, what will happen to the Lancashire and Yorkshire operatives supplying cotton and woollen goods to Germany (over £22,000,000 worth in 1913)? What will happen to the merchants and shipowners of Harwich, Grimsby, Hull, Newcastle, Leith and Aberdeen? (In 1913, imports to the value of over £11,000,000 and exports to the value of over £13,000,000 passed through Newcastle to or from Germany.) Many similar questions arise.

(b) *Will Not Germany Capture the Neutral Markets?*—"Her frugal and industrious people will set to work to produce as cheaply as they know how. In what way can we stop her? By refusing to buy? Well, she will take her wares to other markets. The world, all except the Allies, bound, I will suppose, by mutual agreement, to boycott her, will buy her cheap and excellent goods as greedily as they did before. How can we prevent them? . . . No! You cannot capture German trade and you will only do yourself irremediable injury if you try." (Sir Hugh Bell, "Economic Journal," March, 1916.) "Germany would be impelled by the necessity of her situation to woo these neutral markets. She would woo successfully because neutrals would be offended by our hostile tariff. Therefore, not only shall we injure our trade at least as much as that of Germany, but we shall injure it with those neutral countries upon which, alike in peace and war, we are, and must continue to be, dependent for some of our necessary foods and raw materials. For no mere fiscal or business organisation can enable us to get a living within the confines of our Empire or the Alliance. If, therefore, as the result of

² The student is referred to such books as Prof. Ashley's "The Tariff Problem" and Wm. Smart's "The Return to Protection," and to Prof. Bastable's "Theory of International Trade" and Dr. Alfred Marshall's "Memorandum on Insular Free Trade." See also Mr. J. A. Hobson's "The New Protectionism."

our proposed economic alliance, we broke the world into two competing economic systems, there is no reason to believe that ours would be the stronger. So far as Great Britain is concerned, our situation would be weakened and more precarious." (J. A. Hobson.)

(Among the neutral markets are such great markets of the future as the United States, South America, and China.)

The student would do well to consider in what sense it can be said that it is impossible for us to "get a living within the confines of our Empire or the Alliance." Consider (a) what raw materials we could not produce; (b) how much we should lose if our manufacturers could not sell to (i.) enemy countries, (ii.) neutrals; (c) how much of our shipping, banking, and insurance business would be destroyed.

(c) *Can a tariff be imposed which does not raise the cost of living?*—"The method of capture is, however, not to be that of producing the article in question cheaper or better, but in succeeding in inducing the Government to afford means of selling it dearer." (Sir Hugh Bell, "Economic Journal," March, 1916.)

"What is and remains economically invalid is to raise the price to the consumer of the whole of a commodity merely in order to ensure the continuance in industry of that producer who is producing at the 'margin of cultivation.'" ("New Statesman," March 25, 1916.)

(Are these two remarks themselves "economically invalid?")

(d) "*Where are we going to get the raw materials for our industries?*" asks the Prime Minister of the Commonwealth of Australia. "As to raw materials," says Sir Leo Chiozza Money, writing in 1914, "our position is far worse than in regard to foods. It is a very small fraction of British work which is done upon British raw materials." ("The Nation's Wealth," p. 60.)

Nearly all our cotton comes from America; most of our hides from South America; we cannot do without the American copper or the Spanish quicksilver. Note that the cost of production of our manufactures will be raised whether we tax raw materials coming into this country, or whether we restrict our imports by exporting less ourselves.)

(e) So far, no scheme having any show of adequacy has been put forward by the advocates of a tariff. It may well be doubted whether it will be possible to frame one. The

proposal of the London Chamber of Commerce, accepted by the Imperial Council of Commerce, is for tariff-walls of at least four different heights:—(1) Lowest of all to British colonies; (2) somewhat higher to Allies; (3) higher still to neutrals; (4) so high as to be unscalable to Germany, Austria, Turkey, Bulgaria, and their possessions. But note that each of our Allies will have its own ideas upon the sort of tariff which it would like to see imposed, and that what will suit one nation will by no means suit another, any more than what will suit one interest will suit another in each particular country. We may ask, moreover, whether the six million Co-operators and Trade Unionists of this country, and the working people of other countries, will accept tariff arrangements made over their heads by diplomatists. Will our Dominions accept taxes upon colonial wool, feathers, cheese, butter, corn, wood pulp? Will Belgium welcome our Customs Duties on Belgian glass; or France our taxes on Parisian hats and the dairy produce of Normandy and Brittany? Will Belgium, with her great ports of Antwerp and Rotterdam, refuse to trade with Westphalia? How are the manufacturers of Alsace-Lorraine to carry on without the raw materials drawn from across the frontier? Can Russia restore her credit if she declines to sell wheat to Germany? "And if we are to put differential duties on goods from Germany and Austria, how are we going to treat the exports from Rotterdam and Amsterdam, how is Italy to deal with the stream of imports from Switzerland, how is France to carry on trade with Belgium, and Russia with the Scandinavian countries, which were already, before the war, so largely the trade routes of German exports?" Moreover, we are insisting on an indemnity at least for Belgium. Is there any way in which an indemnity can be paid except by an export of commodities, direct or indirect, immediate or postponed—an export which becomes an import to the country to which it comes.

E.—Why Not Free Trade?

"Let us all bring fresh minds to fresh problems." (Mr. Austen Chamberlain, speaking on the Tariff Question in the House of Commons, May 18, 1916.)

May it not be legitimate to ask whether, in view of all the ethical and economic interests involved in the world's future, the coming of peace should not usher in Free Trade between Great Britain, her Empire, and her Allies? Is there any

more satisfactory way (even from the mere economic standpoint) of ensuring that "those nations that have fought together shall trade together?" There have been signs both before and during the war that France is moving in this direction. Suppose that a great movement were set on foot by the working classes of all the countries involved, would it be impossible, at least, to move towards international Free Trade at once or in the near future? Who would suffer by such a policy? Would it be the manual workers in any country?

The Case of Germany.

Will it be possible, when peace comes, to cut off trade with Germany? (Note that even during 1915, a year of war, we imported £200,000 worth of German goods into this country!) Great numbers of "pacifists" will endeavour, by re-opening trade, to restore friendly relations, especially if the German people establish a democratic government. Numerous traders, to whom "Business is Business," will at once begin to buy and sell with our former enemies, clandestinely, if not openly. How can we prevent trade springing up again and developing year by year, as national animosities decline? Is it wise to settle the economic future of mankind on the basis of permanent hatred of the Germanic peoples?

(NOTE.—If Germany could be included in the Free Trade circle, the Free Traders would be satisfied; but so also should be the Protectionists, who would see Germany punished by her suffering under what they know to be an evil system!)

The student might consider further the practicability of establishing a permanent international economic commission to deal with the question of general economic reconstruction and subsequently, perhaps, control international economic interests; the possibility of throwing open to traders of all nations, on equal terms, all tropical dependencies, under whatsoever flag; a common commercial code; the settling up of international postal remittance and currency systems. (See Arthur Greenwood: Chapter on International Economic Relations, in "International Relations.")

Is not the future of the world with a common administration of international commerce for mutual advantage, of which we see the beginning in the Universal Postal Union, and similar International Associations; some of which already legislate for the world? (See "International Government," by L. S. Woolf.)

CHAPTER VIII.

HOW SHALL WE REORGANISE OUR MANUFACTURING PRODUCTION?

A.—Nineteenth Century Manufacture.

The machine methods of manufacture introduced by the Industrial Revolution had resulted in an aggregate increase of wealth so prodigious that in spite of "the enormous share which the possessors of the instruments of industry are able to take from the produce" (which has placed nine-tenths of the wealth in the hands of one-tenth of the population), the lot of the "average man" has, in many respects, unquestionably improved. The skilled artisan of 1916 (as distinguished from the labourer) is often better fed, better clothed, and better housed than were in 1716 or in 1816 many of the employers and professional men; in addition, he has amenities in the way of facilities for travel, newspapers, books, recreation, entertainment, light, warmth, cleanliness, medical attendance and educational opportunity such as even a rich man could not have purchased a century ago. These triumphs of twentieth-century wealth production the modern economist neither belittles nor forgets when he criticises twentieth-century wealth distribution as unjust and socially disastrous; when he denounces as a national disgrace the fact that a quarter of the whole population of the United Kingdom is at all times very little removed from destitution, and when he stigmatises our present output as altogether unworthy, and inadequate to the needs, of a community, the mass of whom may well be deemed more "civilised" than was the aristocracy of the eighteenth century, and all of whom are rapidly becoming more "civilised" still. We must produce more, even if only in order to be able to make that fairer distribution of commodities which Mr. Asquith declares to be a part of our after-war policy. It is, indeed, as plain to the man-in-the-street as to the economist in his study, that only by constantly producing more commodities and better, at a steadily diminishing "real cost of production," can the people progressively adapt their economic environment to their ever-increasing needs.

B.—New Factors after the War.

1. From every corner of the country, and from every section of society there will come, after the war, a cry for increased production in order that we may recover from our losses, re-establish our trade, meet the new keen competition of other nations, pay our way, and maintain the Standard of Life. Thus, there will be a more powerful inducement than ever before to reorganise our factories.

2. During the war, the old industrial conditions have been broken up. Both protective and restrictive Trade Union regulations have been abandoned; millions of male and female workers have been initiated into new processes; new machinery has been freely installed; masters and men alike have become less conservative and more adaptable. After the war, industrial conditions will be exceptionally fluid. Thus, there will be a greater opportunity for reorganisation than ever before.

3. During the war, despite its grave failures, the community as a whole has proved itself competent to organise industry in ways beyond both the power and the genius of the private entrepreneur. Public opinion has welcomed, or, rather, demanded, this organisation. As producers and as consumers the people will look for a continuance of State control and organisation in the crisis of Peace. Thus, there will be a greater facility than ever before for solving the problem of reorganisation.

C.—How Can we Increase our Output?

1. The Duty of Labour.

“The Round Table” has recently told us that the “moral for labour” after the war is “maximum production.” Working-class students should ask themselves seriously how this “moral for labour” is likely to be enforced when the war ends. If Labour is not prepared with “a more excellent way,” it may find that in the coming Peace it is subjected to more “driving,” with even less protection, than it has suffered during the war! In what way, under a Capitalist system, can Labour agree to co-operate in increasing output without depriving itself of effective guarantees against a lowering of the Standard Rate?

(NOTE.—The biggest cause of unproductiveness (the great failure of nineteenth-century manufacture), which presents a problem to be solved if the nation is to thrive as an industrial community, is how to adjust the relations between "Capital and Labour," or, more explicitly, between the management and the manual workers in our factories, our transport services, and our mines, in such a way as, consistently with the best interests of each, (a) to call forth all the powers of each man, (b) to apply them in the most productive manner; and (c) without Industrial Conscription, to avoid interruption. The whole community depends for its food, clothing, shelter, and the other things that it utilises upon the combined efforts of managers and manual workers, inventors and organisers, often engaged under the same roof, co-operating throughout the industrial process, and yet—owing to the manner in which we have allowed industry to be organised, and wealth to be owned—living, as regards the sharing among them of the common product in profits and wages, in relations of undisguised enmity towards one another and occasionally ceasing work in order to take part in open strife! Such a state of affairs reveals our social "order" in its most ridiculous and, unfortunately, also in its grimmest aspect.)

Those incentives to work which the "masters" have not scrupled to use in the past—bullying and threatening—can no longer be applied to educated and organised men who have released themselves from servitude. Unfortunately, the employers have often failed to discover other incentives; what they give the men in higher wages or improved conditions is given, in nine cases out of ten, not spontaneously but only in response to pressure from Labour or the State. They do not seem to realise that to-day they are dealing with free human beings, often as well-educated and as proud as themselves. From whatever cause, the employers have been unable to establish friendly relations with the manual workers. The manual workers without leadership, without adequate incentive, have no interest in large output or in fine workmanship. For a short time, under the stress of war, employers and wage-earners have submitted to outside control. The employers, accepting enlarged profits, have done what the Minister of Munitions has commanded. The wage-earners, accepting war bonuses, have given up their restrictive conventions and worked for increased production. After the war, when patriotic excitement dies down, when the Government pressure is withdrawn, and when the spectre of Unemployment once more stalks the land, the employers will

resume their anarchic competition for cheapness and, equally—unless some improved relation can be substituted for the old—the wage-earners will resume their defensive tactics.

Unless we can somehow effect a harmonious adjustment of the relations between management and men it will be impossible for us to reorganise our manufacture, recover our trade, and maintain for the people of this country a civilised Standard of Life.

Is the solution to be found in systems of so-called "Co-partnership?" (Can we get any security for an equitable fixing of the Standard Rate, and for its rigid maintenance, before the "bonus" is calculated?) What prospect is offered by "participation of the manual workers in the management of the factory?" (Can we get enforced any principle for determining what shall be the Standard Rate of wages, and how large the profits?) Does "State Ownership" in itself afford any solution of this problem? (Can we secure (a) any definite guarantee of the Standard Rate; (b) any effective participation in industrial management by the manual-working employees of State Departments?)

2. The Duty of "Capital."

1. To put it bluntly, the main desideratum in the reorganisation of our industry is more "brains." For reorganisation we need not "the people who live on their dividends or get into good jobs because of their family connections," but men thoroughly trained, scientifically, commercially, and "humanely." We do not allow a man to practise as a doctor or a lawyer, or even to become a hawker or a publican without a licence; and his son cannot succeed to the business without satisfying us of the same minimum qualification. Yet anybody may become an employer, or succeed to the management of his father's business (which is really a branch of the nation's business), and thus administer the industry on which the nation depends, without any qualification at all!

We fail to-day (a) to maintain some of our manufactures against foreign rivals; (b) to produce as large an output as is within our power; (c) to discover and apply some sensible method of adjusting relations between Capitalist and Wage-earner, through lack of brains.

2. Our lack of brains in industry reveals itself in our extraordinary inferiority to the United States in the application of machinery; and in the manifold imperfections of our factory organisation. The student should consider the possibilities of

increasing the use of machinery (e.g., by adapting to peace purposes the thousands of lathes introduced during the war); of making far greater use than in the past of scientific research and "ideas"; of production on a still larger scale, culminating in amalgamations; trusts and monopolies, with all the economies they can effect; of more efficient organisation inside the factory, and in securing raw materials and distributing the products; of stopping the absurd waste of competitive advertising and distribution through a whole hierarchy of middlemen; of improved education and administration so as to secure that able men rapidly and automatically win the positions of responsibility; of increased association of the workers in the administration of the factory, and in its production, in order to avoid stoppages, etc.

3. The Duty of the State.

"I believe that out of the ruins of the nineteenth-century system of private capitalism this war has smashed for ever, there will arise, there does even now arise, in this strange scaffolding of national munition factories and hastily nationalised public services, the framework of a new economic and social order based upon national ownership and national service. . . . Nominally [in fifteen or twenty years' time] it will be little more of a Socialist State than it is to-day, but, as a matter of fact, the ships, the railways, the coal and metal supply, the great metal industries, much engineering and most agriculture, will be more or less completely under collective ownership, and certainly very completely under collective control." (H. G. Wells: "What is Coming.")

Can the State afford to allow such economies in production, and such power of taxing the consumer, as monopoly and trust can effect, without itself undertaking control and ownership? In order to make scientific research and inventors' ideas fruitful in industry, can we for the future rely upon "what enterprise may chance to enter the minds of men in pursuit of profit?" Can we get the cheap capital essential to prosperous trade except by State Control of foreign investment and State loans? Can we lessen the production of such costly non-essentials as "drink" (non-intoxicating as well as intoxicating), tobacco, yachts, motor-cars, costly clothing, etc., and also of shoddy clothes, "brown-paper boots," jerry-built houses, unwholesome food-stuffs, etc.; and increase the production of such urgently needed necessities as artisans' dwellings, except by State intervention? Can we bring the supply of power (coal, heat, light, electricity, water, etc.) into full

subservience to the needs of industry except by communal enterprise? Can we provide the cheap and easy communication and transport (as necessary to industry as the unimpeded flow of blood to the human body) except by public organisation? Can we solve the problem of "Labour versus Capital" without further laws?

4. Economies in Distribution.

At present it often costs more to sell and distribute a commodity than to make it! As far back as 1892 Lord Goschen revealed to us from the Income Tax returns that the profits taken by the directors and capitalists in distribution and transport were twice as great as those of the proprietors and managers in all the great manufacturing and productive industries put together, and since that time such profits have considerably increased. It would seem as if stupendous economies in agents, travellers, wholesale merchants, retailers, advertising, etc., etc., could be made (thus setting free huge resources in men and capital for really productive effort) by effective organisation of the distribution of commodities. "Private industry" has already, in fact, long since begun to "eliminate the middleman" and will probably try to "eliminate" him far more thoroughly when the war is over. The Co-operative Store, supplied by the "C.W.S.," provides another, and perhaps more socially satisfactory, illustration of economical distribution. In the national postal service and the various municipal undertakings we see perhaps the nucleus of what might be called "the public re-organisation of distribution."

D.—"Scientific Management."

Of late years a new panacea has been boomed, especially in the United States, entitled "Scientific Management." "So far the tremendous significance of 'scientific management' has not been fully recognised. Properly understood, it is the complement to the Industrial Revolution, which, by the more extensive use of machinery, etc., increased the efficiency of capital. The present movement aims at a similar increase in the efficiency of labour as an agent of production. The new revolution in industry has as yet merely begun, because employers, in spite of the motive of self-interest, are conservative; but it will receive an enormous impetus from the conditions arising out of the war." (Arthur Greenwood: "War and Democracy.")

"That these principles are certain to come into general use practically throughout the civilised world, sooner or later, the writer is profoundly convinced, and the sooner they come, the better for all people." (F. W. Taylor: "Principles of 'Scientific Management.'")

What is "Scientific Management"?

"Fundamentally, Scientific Management consists (1) of an improved system of piecework remuneration, with rates 'scientifically' fixed upon a minute and prolonged 'time study' of each operation, and 'therefore' incapable of alteration to the detriment of the workmen whom it may have tempted to enlarged output; (2) of the utmost possible standardisation of tools, equipment, operations and products, so as to permit of maximum production; (3) of elaborate 'motion study' so as to discover how exactly the workman should use his muscular force, with what intervals, and for what length of time, in order to produce the greatest result; (4) of 'routing and scheduling,' and directing by 'instruction cards,' not only every movement of material, tools, components and product within the factory walls, but also every movement of every workman to the same end; and (5) of the adoption of 'functional foremanship,' replacing the old-time single foreman by half-a-dozen specialised directors and instructors—the 'gang boss,' the 'speed boss,' the 'repair boss,' the 'route clerk,' the 'instruction card clerk,' the 'time and cost clerk,' the 'shop disciplinarian,' and the general inspector." ("The New Statesman," June 17, 1916.)

1. The Case for "Scientific Management."

(Our quotations are in the main from Dr. F. W. Taylor's "Shop Management" and "Principles of Scientific Management.")

The advocates of "Scientific Management" declare that it is possible by scientific investigation to find out the one "scientific" way of doing each job, the right sort of man for each kind of work, and the most effective methods of co-operation between managers and men. It is claimed that as a result of "Scientific Management" production will be largely increased, shareholders will secure larger dividends; employees can be paid greatly increased wages and allowed shorter hours, and will enjoy the satisfaction of "doing a good day's work"; and that the public will get "more commodities and better commodities at a reduced 'real cost of production'" (e.g., your pig-iron handler loads $47\frac{1}{2}$ tons a day instead of $12\frac{1}{2}$; your

labourer shovels 59 tons instead of 16; your bricklayer lays 350 bricks an hour instead of 120, and in general the output per man is at least doubled; and cost of production is, of course, greatly reduced). Dr. Taylor further claims that Scientific Management has solved the "Labour problem"! "At least 50,000 workmen in the United States are now (1911) employed under this system. . . . In place of the suspicious watchfulness and the more or less open warfare which characterises the ordinary types of management, there is universally friendly co-operation between the management and the men."

In justice to this new method of production, we should note :—(a) That it is not merely a "capitalist dodge," but claims to be a system basing itself on exact science (e.g., "What constitutes a fair day's work will be a question for scientific investigation instead of a subject to be bargained and haggled over"); (b) that if employers, instead of introducing these methods chivalrously, try to make of them a mere profit-making device they are not introducing "Scientific Management," but a perversion of it, which, as experience in America has amply proved, can only end in failure. Mr. W. T. Layton goes so far as to say that "Where this system is worked with proper care for the consideration of the worker's interests, it would seem to be wholly good." ("Capital and Labour," p. 22); (c) that it is illogical to press the argument that "Scientific Management" will make the worker an automaton. Is he not an automaton already? Does not the evolution of our industrial system inevitably involve an increase of automatic labour? Is the worker more of an automaton when he is working rapidly and efficiently than when he is working slowly and clumsily?

2. The Case Against "Scientific Management."

Examination shows that the claims made for "Scientific Management" are not borne out by inspection of the establishments where it has been introduced—(See Hoxie's "Scientific Management and Labour")—perhaps because American employers, like those here, have seldom brains enough to carry it out as its inventors designed! Its good points are the insistence on efficient organisation of the factory, use of the best machinery, prevention of any loss of time, and prompt application of labour-saving appliances. All this means only more intelligence in our employers, together with production on the most economical scale with larger factories and regularising demand. It emphasises the importance of (a) discovering, and (b) applying universally the best way of doing each

job, instead of letting each man blunder for himself. It may teach our employers a great deal as to the economy of (a) short and regular hours; (b) intervals for rest and refreshment; (c) ascertaining precisely the most suitable tools for each job and each man (much more can be shovelled if the spade is exactly the right shape for the material and the right length for the man who wields it). All these are lessons for the manager.

But it fails altogether as to the share of the wage-earner. It is probably right in insisting on the necessity for Piecework Wages; but it refuses (a) to let the Standard Rate be settled by Collective Bargaining or law; (b) to make the Piecework Scale, once fixed, not subject to reduction at the will of the employer alone. It affords, therefore, no security against the rates being "cut" (as they have repeatedly been). Nor does "Scientific Management" throw any light at all on how the product should be shared (how high the Standard Rate should be). It is not in the least scientific from the standpoint of the economist: by science it means only exact measurement of the workers' effort by the stop-watch!

Scientific Management is opposed to increased Democracy in Industry, in the sense of the manual workers having any participation in the management. It does not seek to make the part of the manual worker more intellectual or "self-developing," but less: the foreman is to show him exactly by what motions each job is to be done, and the workman is required to repeat precisely these motions all the day through. It seeks to segregate thinking on the one hand (in the manager and foreman); and muscular effort on the other (in the labourer). The skilled artizan, as we know him, disappears. (In view of the fact that physical training experts now lay great stress on perpetually varying their muscular exercises, the proposal to keep men all day repeating exactly the same movements demands investigation as to its effects on their health, strength, and mental development. No such investigation has been made by the advocates of Scientific Management.)

3. The State and "Scientific Management."

Even if a student convinces himself that the philosophy of "Scientific Management" is "good," it will be obvious to him—on its originator's own admissions—that the "mechanism" is liable to grave abuse by grasping employers. He must, therefore, set himself to the further task of thinking out what steps Trade Unionism and the State should take

to safeguard the worker's interests. For it is certain that attempts will be made to introduce "Scientific Management" in this country, in one or other form. On the other hand, if a student becomes, after careful deliberation, an opponent of the new methods, let him avoid the error of thinking that Scientific Management will not "survive his disapproval"! Under a system of Private Capitalism, a system may be socially injurious and yet become widely adopted (as was the case with Truck, child labour, etc.). Germany, besides America, may well introduce the system on a great scale to increase her output; and what Germany does to-day in trade matters, England is apt to do to-morrow! The ultimate question for the student once again is: "What regulations can be framed by my Union, what laws can be passed by Parliament, in order that wherever Scientific Management is introduced, it shall be used only in such ways as will benefit the community, and not in such ways as will degrade the condition of the manual worker?"

CHAPTER IX.

HOW SHALL WE REORGANISE OUR RAILWAYS ?

A.—Railways in the 19th and 20th Centuries.

1. The 19th Century.

“The nineteenth century, when it takes its place with the other centuries in the chronological charts of the future, will, if it needs a symbol, almost inevitably have as that symbol a steam engine running upon a railway. This period covers the first experiments, the first great developments, and the complete elaboration of that mode of transit, and the determination of nearly all the broad features of this century’s history may be traced directly or indirectly to that process.” (H. G. Wells.)

2. The 20th Century.

Which shall it be? This:—“It is in their neglect of the possibilities of inland transport, however, that the history-student of to-day sees the gravest failure of those to whom was given the noble responsibility of rebuilding our country after the Great War, etc.” Or this:—“By a statesmanlike handling of the railway system our forefathers were enabled not merely to make good the ravages of the Great War, but even to refashion the very lives of the people. In fine contrast with the practice of the previous era, the railways were now used in a hundred astute ways to develop both manufacture and agriculture, while cheap and swift trains, by distributing the myriads of stunted and thwarted town-dwellers over wide areas of country, at length gave to the people of England the homes that they desired.”

B.—The Shortcomings of the Railway System.

A cynic might assert that in the English railway system are manifested all the defects and none of the advantages of both competition and monopoly!

1. The Waste Arising Out of Competition.

(a) The complete pooling of all the (privately owned) mineral trucks on the railways would effect "a saving of several millions of pounds annually to the companies and a great acceleration of traffic to traders and the public." (Lord Claud Hamilton, Chairman of the Great Eastern Railway Company.)

(b) Where the State Railway Officer would gain would be in the cessation of questions arising out of the conflicting interests of railway companies." (Mr. F. H. Dent, General Manager, South-Eastern and Chatham Railway.)

(c) "There would, by such an amalgamation of the five railways of Scotland) be saving:—(1) In the cost of direction, management, and staff generally; (2) as a result of the common use of working-stock and plant; (3) by the discontinuance of duplicate services and stations; (4) in the cost of advertising and canvassing at present considered needful for competitive reasons; and (5) in the simplifying of the whole arrangements of the companies, particularly in connection with joint lines, exchanges of traffic, running powers, etc." (Mr. W. F. Jackson, General Manager, North British Railway. Memorandum to Committee of Board of Trade Railway Conference, 1902.)

2. The Tyranny Arising Out of Monopoly.

Travellers complain of inadequate train services, lack of co-ordination, fares higher than in most other countries, and needless discomfort and danger. Traders and farmers complain of high rates, differentiation in favour of foreign imports, obstruction to new trades and general indifference to their interests. (These grievances are partially remedied only at the few points at which there exists keen competition—to be there replaced by the "waste arising out of Competition"!)

Employees complain of long hours, under-payment, and ungenerous treatment.

These evils are those that "smell." What we do not realise acutely is what we have lost as a community by the unselfconscious, haphazard development of our railway system. Contrast Germany:—"Britain has her coal and iron near the

water. She has great coalfields watered by the sea. Germany has neither our ports nor our coastline. We have neglected our advantages, and partly nullified them by neglecting the economic development of transport. Germany, on the other hand, has wisely and patriotically done her best, by thoughtful and coherent railway and canal development, to atone for her natural disadvantages." (Sir Leo Chiozza Money: "Fiscal Dictionary.")

C.—The Re-Organisation of the Railway System.

The student should consider what, in relation to railway service, are the several needs of (a) the Trader and Farmer; (b) the Passenger; (c) the Railway Employee; (d) the Taxpayer; and (e) the Community as a whole; and then proceed to consider by what kind of re-organisation these can most adequately be met. Should the nation "denationalise" its railways, and revert to the pre-war system of private ownership and administration, subject to the minimum of State control through the apathetic Railway Department of the Board of Trade? Should we preserve the war-system of leaving the railways in private ownership, but insisting on their being run in subordination to national needs? Or, is it the statesmanlike course to carry through complete nationalisation of Ownership and Administration, under a Government Railway Board?

(NOTE.—1. The student should remember that the probable alternative to unification under democratic control is unification under private control; and he should ask himself whether such a centrally administered, private railway system—a capitalist monopoly—either could or would give us advantages as great as advocates of nationalisation look for in State-ownership and Government Administration. Is it wise to leave in the hands of a single private capitalist monopoly an industry employing 8 per cent. of all the men wage-earners, and necessarily controlling both our industrial and social development? Are we sure that the interests of the railway shareholders are identical with those of the nation?)

2. It is also necessary to bear in mind possible alternative transport developments in the immediate or remote future. In view of possible developments in air transit and in road motor traffic, is the purchase of railways likely to prove a bad financial speculation? (The present Stock Exchange prices embody the best expert judgment as to their future value.)

The Advantages of Nationalisation.

It is claimed that the economies to be effected by (a) unification of management; (b) the lower rate of interest that the State would have to pay on its Railway Loans, as compared with the present average returns on Railway Companies' stocks and shares, would enable (1) considerable improvement in the goods and passenger service; (2) a revision of fares and rates in the public interest; (3) a levelling-up of wages and a standardising of hours and conditions, so as to put all the 600,000 railway employees of the United Kingdom upon the footing of the best-treated among them; (4) provision for due participation in the management, through Local Railway Councils and a Central Railway Board of representatives of the employees of all grades (as is done on the French Government Railways; also on those of Italy and Switzerland.)

CHAPTER X.

HOW SHALL WE RE-ORGANISE OUR COAL SUPPLY?

A.—Coal and National Greatness.

The prosperity of this country during the last century has been fundamentally due to its possession of immense stores of accessible and easily worked coal. Coal is still the main source of power: it supplies the driving force for our manufactures and propels the bulk of our overland and overseas traffic—to say nothing of giving the community the heat and light on which civilised existence depend. The nation pays for its coal not less than £230,000,000 per annum—more than it pays for its housing, its bread, or any other commodity. In the last complete year of peace, the total output of coal reached 287 million tons (150 millions to the Government and Local Authorities, gas and electricity works, coke-ovens, metallurgical plants, and factories; 77 millions for export; 21 millions for bunker coal; 39 millions for household consumption).

(Two important consequences of the bulkiness of coal should be noted:—(a) It is costly to transport and, therefore, industries and population integrate round the pits; (b) our immense imports consist of bulky food and raw materials; we pay for these by “invisible exports” of shipping service, by non-bulky manufactures, and by coal. Without the coal, our ships would have to make the outgoing voyage in ballast. “Its importance in this respect to the shipping industry,” says Lord Rhondda, “would be difficult to exaggerate.” No less has been its importance in the development of our manufactures and in the reduction of the cost of living.)

B.—The Defects of the Present System of Coal Getting.

It has been urged by “a great cloud of witnesses” that the present system of coal-getting involves an undue cost of production, exorbitant prices, the interruption of industry, and suffering to householders because of the discontinuous and un-co-ordinated supply, limitation and stoppage of output, because of “Capital” versus “Labour” in the mines, unsatisfactory conditions of employment (with regard to wages, housing, and “casualties”), and waste in utilisation of the properties of coal. We leave it to the student to put a value on each of these criticisms.

C.—The Urgency for Re-organisation.

Why has the war made it overwhelmingly urgent to re-organise our coal industry? What new arguments might be pressed by the consumer, the manufacturer, the collier, the Secretary for War, the Chancellor of the Exchequer?

D.—Methods of Re-organisation.

1. Re-organisation from Within.

How far is it just to declare that “If the trade is controlled by those who have so grossly misused their trust in the past, it is hopeless to expect any real improvement”? Of the evils of our present coal supply, how many are due to the inevitable conditions of coal-getting? How many to “private capitalism”? How many to the slackness of the miners? How many to the apathy of the community? Will the evils noticed cease if public control is established? Would it be wise to trust to the “slow processes of evolution,” which have in the past built up our prodigious coal industry, and continuously improved the conditions under which it is carried on? What re-organisation from within the industry is practicable (and for whose profit)? What would be the effect of linking up districts, unifying management, regulating production and selling prices—without interfering with the present private control? Can we trust to the “economic chivalry” of the coal-owners to re-organise our coal supply in a gigantic monopoly, without taking advantage of their power? (Every shilling rise per ton in the price of coal means ten million pounds a year additional gain to the coal-owners and coal-dealers.)

2. Labour Control.

Is there any possibility, under present conditions, of the million working colliers themselves "taking over the management" and successfully organising the coal supply? Could the nation entrust them with so powerful a monopoly? Is there any prospect of the Co-operative Wholesale Society acquiring pits? (The "C.W.S." now purchases and sells to its 1,200 societies over a million tons a year. Could it economically supply those scattered societies from any one coalpit, or even from any two collieries?)

3. Nationalisation.

The most recent and authoritative plan for the Nationalisation of the Coal Supply is that worked out by the Research Committee of the Fabian Society. (Chapter III. of "How to Pay for the War.") Nationalisation of coal-getting and transport and municipalisation of retailing is declared to be entirely practicable, bringing with it lower cost in production and distribution, maintenance of a national reserve of coal (for peace and war), husbanding of our coal resources, amelioration of the miner's lot, reduced and fixed prices, and a surplus for the National Exchequer of many millions per annum. It is essential that the student should study this scheme in its details (upon which its validity depends), and set off against the alleged benefits the countervailing disadvantages. How far does the general argument of Herbert Spencer against all State enterprise hold good in this particular case?

E.—Coming Possibilities.

The Coal Commission in 1905 reported that "The evidence points to a future extension of central power-stations and the generation and transmission of power upon a large scale. If such stations were established in close proximity to the collieries, there would be nothing to pay on the coal in the way of railway rates, and the question would then be, not the cost of transport of coal, but the cost of transmission of power." Mr. S. Z. Ferranti, speaking as President of the Institute of Electrical Engineers, recently declared that by the "all-electric plan" we could do all the work we now do with not much more than a third as much coal. He pictured something like a hundred great centres of power emission, electrical power being laid on for all purposes—transport and manufacture, heat and light—to the whole kingdom. (It is an exercise for

the "scientific imagination" to visualise the consequences of such a development upon the health of the community, the distribution of population, manufacturing and agriculture, domestic work, and the cleanliness and beauty of our cities and our countryside.)

4. The Future of Power.

(a) Four countries almost entirely monopolise the world's coal resources:—The United Kingdom is estimated to have 150,000,000,000 tons; Germany, 415,000,000,000; the United States, 1,400,000,000,000; China's undeveloped stores are probably greater than those of America. (b) We need not fear the actual exhaustion of our coal supply for a few centuries; what we have to fear is a much earlier exhaustion of that part of the supply which is accessible and easily worked. If we reach that point when we can only get our coal at a markedly greater cost than either Germany or America (? or China), we shall run the risk of declining as an industrial nation. It seems probable, however, that before that stage is reached new sources of power will be found. (c) Mineral oil is already being used in certain directions, though experts do not believe it will overthrow the supremacy of coal, with the notable exception of supplying power for shipping; and it seems likely to be exhausted even sooner than coal. This country has next to no resources in mineral oil (though oil shale is worked in the Lothians), and comparatively meagre resources in water-power. (d) It is not yet practicable to utilise either the sun's heat or the tides. (e) "The energy which we require for our very existence, and which Nature supplies us with but grudgingly and in none too generous measure for our needs, is in reality locked up in immense stores in the matter all around us, but the power to control and use it is not yet ours." (Professor Soddy: "Interpretation of Radium.")

What effects will the passing of the coal age and the introduction of new sources of power have upon this country and upon the world? Can we make ourselves prepared as a nation for possible new developments? Have we any duty in this respect to posterity?

CHAPTER XI.

CAN WE OBTAIN A REVOLUTION IN EDUCATION ?

For well-nigh every national need—for the purposes of war as well as for the demands of industry, for the production of competent administrators and directors no less than for the making of capable and purposeful citizens—the war has revealed, sometimes grotesquely, but more often gruesomely, the manifold inadequacies of the nation's education. Moreover, since August, 1914, parts of the educational machinery, such as it was, have been destroyed. Reconstruction of some kind is therefore unavoidable. If a blind public opinion allows a vote-catching Government and parsimonious local councillors to decide that "we cannot afford to waste money on education"—and of this there is a real danger—the inevitable "Reconstruction" will be so devised as to leave the nation even worse educated after the war than it was before it. There is, however, some hope that the good sense of the people will stubbornly insist on the building up of a really effective system of education. By no other means can we secure our future. It is peculiarly the duty of the Workers' Educational Association (to which we have the honour of dedicating these notes) to elaborate an after-the-war programme of National Education, and by a great campaign to insist on its early realisation. We cannot, in these pages, compass the hundredth part of such a programme. We content ourselves with putting before the student the governing conditions of the Reconstruction required to make this country, as regards education in its widest sense, the first in the world. We cannot *afford* to aim at any less ambitious result.

A.—Parentage and Infancy.

The community has already insisted that Education means more than schooling. By the Education Act of 1902, and subsequent legislation, the Local (Education) Authority is legally

responsible for physical as well as mental health and development. Under the Public Health Acts, as lately elaborated, the Local (Health) Authority has special responsibilities for Maternity and Infancy. An efficient educational system must obviously be grounded on the nation's babies being "well born" and well nurtured. It must therefore include arrangements for (a) Adequate pre-natal protection of, and provision for, all mothers; (b) an efficient Midwifery service and Maternity Clinic; (c) a complete scheme of Infant Protection and Care wherever required; (d) whatever is needed by local circumstances in the way of Schools for Mothers, Crèches and Nursery Schools.

The nation has hitherto killed, each year, as many of its own infants under three years old as the Germans have killed of its soldiers and sailors in two years of the most sanguinary war ever known. Are we to continue this slaughter? The student should consider from this standpoint what changes may be required in (a) men's wages; (b) women's wages, hours and conditions of employment; (c) the present Maternity and Sickness Benefits under the National Insurance Acts (which fail to provide for wives who do not go out to work); (d) Rural and Urban Housing, etc.

B.—Elementary Schooling.

1. Has not the time come to insist on compulsory full-time attendance, with absolutely no exemptions, throughout the British Isles, for every boy or girl up to the age of fifteen? Any kind of wage-earning employment in or out of school hours should be illegal (the employer being, as at present, punished for any breach).

2. Might not parents be made interested in their children's welfare, and induced to realise their responsibility, by consulting them more about their children? This might mean much more than inviting their attendance at "parents' meetings," "open days," school concerts, etc. The insistence of the School Nurse upon the parents' co-operation in securing the children's cleanliness has been extraordinarily effective. The success of Schools for Mothers and Health Visitors points the way to a development of the School Attendance Officer into a Child Visitor, concerned for the health and progress of the scholars.

3. Should we not make the physical well-being of the child a primary consideration? If so, we require medical inspection to be supplemented in all cases by medical treatment (through School Clinics, dentistry, etc.); plentiful provision of playgrounds, baths, gymnasiums, etc., as well as ample time for drill, dancing, gardening, and sports; the grant of food, boots, and clothing wherever the child is found to be going without. (How shall we deal with the culpable parent? Is "Recovery of Cost" practicable?)

4. The teachers must tell us how to modify the subjects taught and the methods of teaching so as to facilitate in every way the free, healthy, and spontaneous development of the child's personality through its own interests and efforts. (See especially on this point "What Is and What Might Be," by Edmund Holmes, late Chief Inspector of Elementary Schools. What are the difficulties in the way of such education?)

5. No class should contain more than thirty pupils. (Is even this number "ideal" from the standpoint of educational science?)

6. Salaries of teachers ought to be such as, in competition with other occupations, could secure, for the elementary schools, well-educated, fully trained, and "inspiring" men and women from all ranks of society. (What would be the results if public opinion, throughout all sections of society, respected and admired the Teaching Profession?)

C.—The Training of Youth.

The old ideal of educational reformers—Common Schools for All—is far from sufficient. So diverse are our potentialities and capacities, and so varied are our vocations, that any uniform, identical, universal schooling must necessarily be a misfit. The best possible preparation for life would be, for each separate individuality, an education, physical, mental and moral, exactly fitted (a) to develop his or her peculiar faculties, and (b) to qualify him or her for the work to be performed in life. We cannot have a separate school or a separate set of teachers for each child. But we can diversify the training that we are able to provide, so as to meet more accurately than is possible with even the best "common schooling" the requirements of varying gifts and vocations. (How

far do wealth and class prejudices stand in the way of such a hierarchy of educational specialisation as this ideal postulates?)

1. For all the intellectually abler boys and girls from the Elementary Schools—not merely for “budding geniuses”—no less than for those from “upper-class” homes, there must be Secondary Schooling up to the age of eighteen. Mere free schooling is not enough. (No larger percentage of Chicago boys and girls get Secondary Schooling than those of London.) Wherever necessary, by a vast multiplication of Maintenance Scholarships, full maintenance must be provided for any scholar adjudged fit for Secondary Schooling.

2. The elementary scholars who are not selected to proceed to the secondary schools, none the less need the best possible education; at least, during early adolescence (up to eighteen), and perhaps also during late adolescence (say up to twenty-one). We suggest the legal prohibition of employment for more than 30 hours a week, and the provision of education for (say) another 20 or 30 hours. (Would any modification of this arrangement be necessary in agricultural and in certain industrial areas?) This education ought to include not only technological instruction, but also the appropriate “adolescent” forms of physical exercise, plenty of good novels, poetry and other literature, geography, history, economics, civics, the elements of physics, mechanics, physiology, psychology, nature-study and gardening. (How far ought the boy’s future career to determine his education during youth? Ought the girl to be trained primarily for the home or primarily for production?)

3. Every inducement to be offered (including not only an adequate, or, rather, a generous, scale of salaries, but also public honour) in order to secure the ablest and best men and women in the community as teachers in the elementary, the secondary, and the continuation schools no less than in the University Professoriate—in recognition of the fact that the future of the nation depends more upon its teachers than upon its generals, its admirals, or its Cabinet Ministers.

D.—The Universities.

1. The educational advantages offered by the two old national Universities of Oxford and Cambridge in England (equally with the four in Scotland and the newer Universities

in England and Wales) to be made fully accessible to every young man and woman, however poor, who shows promise of becoming qualified to be one of the nation's statesmen, administrators, thinkers, investigators, teachers, scientists, authors, journalists, engineers, lawyers, etc.—no individual not exhibiting such potentiality, however rich his parents, to be allowed to enter either University. This means the application of a really substantial Matriculation or School Leaving Examination, or other adequate test, to all candidates for University training.

2. In its own interest the community must demand at Oxford and Cambridge the replacement of "Unphilosophical classics and Little-Go Greek for everybody, mathematics, bad French, ignorance of all Europe except Switzerland, forensic exercises in the Union Debating Society, and cant about the Gothic," by thoroughness of knowledge, produced through really efficient instruction, in the subjects (including physical and biological science, as well as philosophy and economics) required to fit a man to be a brain-worker in the service of the community.

3. The University-trained class needs multiplying beyond the capacity of a mere half-dozen centralised Universities. Every large city needs its own University. The number of students at our Town Universities (not 20,000 in all—in contrast with the 100,000 claimed for the town of Tokyo alone!) requires to be increased at least tenfold by the wider provision of really adequate Maintenance Scholarships (not less than £100 a year) available for every promising student. This means the national endowment of Town Universities to facilitate specialisation along certain lines (as Sheffield specialises in metallurgy, London (at the School of Economics and Political Science) in economics and public administration). But such Town Universities should also play a dominant part in the improvement of conditions and the enrichment of the life of the localities in which they are situated (as the University of Wisconsin, for example, has done in that State in America).

3. Moreover, liberal provision has to be made for the prosecution of original work and research, not in physical science only, but in every branch of learning—upon the amplitude and thoroughness of which depend the solving of social, industrial, political and all other problems, the increase of culture and beauty, and, in fact, the security and enrichment of our civilisation.

E.—The Education of the Adult.

One-half of every community must always be above the age during which his or her own education is the individual's main concern. These, too, must be educated, if we are to escape from living too much under the palsied hand of the last generation! The community must provide for the continued culture even of its mature members, in order that they may efficiently discharge their responsibilities as producers of the nation's wealth, guardians of the nation's children, and governors of the nation's destiny. Voluntary effort, as we see it in the activities of churches, trade unions, clubs, etc., will carry on much of this "organisation of leisure." Some of it will doubtless long be left to the commercial enterprise which now provides us with the "pictures," theatres and music-halls. Some of it, again—as, for example, the provision of "Extension" lectures—is clearly one of the tasks of every live University. But it is plain that in order to secure education as well as entertainment, an increasing amount of organised provision for the adult should be made by the Central and Local Education Authorities: e.g., the organisation of public lectures, the extension of facilities for home reading and study, the development of reference libraries and newsrooms, museums, art galleries, botanical and zoological gardens, the increase of organised opportunities for travel, the establishment of public cinematograph shows, concert halls and theatres—all as a policy of "organising leisure," for the whole community.

It may fairly be claimed that, as a contribution to this part of our educational system, no more promising enterprise was ever set going in this country than the classes built up by the efforts of the Workers' Educational Association. This method of education, in which a group of students voluntarily band themselves together to make an intensive study of a subject, chosen by themselves—with its mutually helpful co-operation of instructed guidance and free choice, of collective organisation and individual initiative, of public funds and personal contributions—may well prove to be a leading feature of the social life of the "Great State."

CHAPTER XII.

CAN WE PAY OUR WAY?

A.—Expenditure.

1. The Costs of War and "Preparedness."

(a) If the war ends during 1917 the National Debt will stand at about £4,000,000,000, and the annual interest charge will be about £200,000,000. In addition there will be the annual charge for an adequate Sinking Fund—perhaps fifty millions a year.

(b) War Pensions of all kinds—certainly £20,000,000 per annum.

(c) "National Preparedness." The expenditure on the Army and Navy before the war was £74,540,000. It seems more than possible that universal military training in some form will be adopted after the war, the pre-war strength of the Navy will be made good, and perhaps considerably increased; we shall probably develop "key-industries," store necessary materials, and spend large sums upon agriculture. We may reasonably estimate the new expenditure on "Preparedness" at £100,000,000 per annum.

Total Normal Cost of National Defence, Past and Prospective, possibly £350,000,000 per Annum.

(d) In order to avoid the risk of being involved in another war, while hampered by a colossal debt, the State may decide to pay off (say) one-third of its obligations in the next ten years. Is there any way in which this can be done except by "Conscription of Wealth"—e.g., in the form of a levy of 10 per cent. per annum on capital values, payment being spread over the decade?

(e) The special expenditure involved in gradual disbandment, provision for discharged soldiers, and war workers, etc., may cost us in the first year after the war not less than £50,000,000. Could this be met out of the surplus that would accrue if the war ended even one fortnight earlier?

2. The Costs of Civilisation.

The Consolidated Fund Service (including the old National Debt charges, Road Improvement Fund, Local Taxation Accounts) and Civil Services (including Education, Old Age Pensions, Labour Exchanges, Insurance) cost the nation, in the last complete financial year before the war (1913-14), £92,197,000.

(a) *Education*.—Cost before the war: From National Exchequer, £18,717,000; from Local Rates, about £11,000,000. If we desire to carry out the educational programme foreshadowed in Subject XI., we must at least double our expenditure on Education. Taking four-fifths, instead of two-thirds from national sources, we ought to put the future central expenditure at £50,000,000 per annum.

(b) *Health*.—We have to make good the ravages the war has inflicted in our population. How much will it cost the Exchequer to encourage child-bearing by preventing it from having almost penal consequences in the household of the thrifty artizan, minor professional and lower middle classes? To make sufficient provision for all needy mothers before, during, and after child-birth? To bring to an end the present fearful slaughter of infants? To prevent physical and mental defects appearing in our school-children? To add inches to the height and chest measurement, and a stone or more to the weight of our adolescent boys and girls? To endow research, build hospitals, make a more national use of the medical profession? To extend and transform National Insurance? To give every town and village clean air, efficient drainage, pure water, and adequate supply of light and heat? Shall we say an extra £20,000,000 a year—given perhaps largely as Grants-in-Aid to the Local Health Authorities?

(c) *Housing*.—How much will it cost the nation to rehouse all those sections of the community now living in houses that by universal admission are not fit to live in? Suppose we provide for a Special Capital Outlay of £200,000,000, to be provided by an annual charge for Interest and Sinking Fund of £11,000,000 a year.

(d) *Old Age Pensions*.—If these are increased, even merely to meet the higher cost of living, the nation must find a further £5,000,000 a year.

(e) *Universal Insurance Against Unemployment* and a policy of actual Prevention of Involuntary Unemployment (casual, seasonal, or cyclical) by the manipulation of the necessary public work, the undertaking of afforestation, land development, draining of new roads, etc. Say, an additional £5,000,000 a year on improving the National Estate.

Let us reckon not less than £200,000,000 per annum as our normal future non-military expenditure from the National Exchequer.

Then our total (National) expenditure for war and peace would be £550,000,000 per annum.

B.—Revenue.

During the war we are actually raising in taxation nearly as much as the sum we have estimated as essential national expenditure during the coming peace! (Mr. McKenna has budgeted for £502,000,000 in 1916-17). It is quite true (unfortunately that the Excess Profits Tax is to be dropped; and it is to be hoped that certain other taxes (e.g., those on the "breakfast table") will be reduced. But we shall be within the mark if we estimate that if the present taxation (less Excess Profits Tax) were continued after the war, it would produce £400,000,000 per annum, about two-thirds of it raised by direct taxes (which fall mainly on the rich), and about one-third of it by indirect taxes (which fall most heavily on the poor).

The problem, therefore, to which the student of finance must address himself is: How can the nation raise an extra £100,000,000 or more of taxation each year in order to defend itself against enemies abroad as well as from the internal foes of Discord, Crime, Ignorance, Dirt, Disease, Wretchedness, Poverty?

Even if we could grant that it is desirable to impose a Protective Tariff, can we get twenty or even ten millions by such additional Customs duties? How much can be got by further direct taxation, including revision and improvement of the existing taxes? Is it possible to get a contribution to the Exchequer from State Railways, a Nationalised Coal Supply, Public Life Insurance, State-owned Drink Traffic, a Public Shipping Service, National Factories, or State Farms?

These are questions for the working-class student to ponder over with something more intense than academic interest. The conflicts ahead of us will be fought largely around the fundamental issue of Finance. Unless the wage-earners can think out and adopt solutions of the financial problems here raised, and insist on legislative effect being given to their own views, instead of to those of the propertied classes, they will find themselves paying the nation's bills by the degradation of their own Standard of Life.

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